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No. 32,781

PARIS, MONDAY, JULY 18, 1988

ESTABLISHED 1887

Jackson

Refuses

To Yield

But He Sees Hope

In Aides' Talks on

Eve of Convention

By Fred Farris

International Herald Tribune
WASHINGTON — On the eve
of the Democratic National Convention, Jesse L. Jackson made it

clear Sunday that his differences

with Governor Michael S. Dukakis

had not been cleared up and that he

remained a candidate for the presi-

dential nomination and possibly

the vice presidential nomination.

But Mr. Jackson, the runner-up in the Democratic primaries, said

that he expected talks between his

aides and Mr. Dukakis's in resolve problems that could prevent a

Mr. Dukakis, meanwhile, stressed that "you can't have two quarterbacks."

Mr. Jackson said he wanted a

clear and important role for him-self and the "progressive" wing of the Democratic Party that he said

he represents, both in the campaign

and later. Among the unresolved issues are 13 planks in the proposed

party platform that are being con-

tested by the Jackson forces.
The Massachusetts governor

who has the delegate support needed for nomination Wednesday

night, said Sunday in Boston be-fore flying to Atlanta that he had

spoken to Mr. Jackson by tele-

phone earlier in the day, but he

declined to discuss the substance of

Senator Lloyd Bentsen of Texas, whom Mr. Dukakis has selected as

his vice presidential running mate,

also reportedly spoke with Mr.

Jackson before he joined Mr. Du-

Mr. Dukakis sought to minimize

kakis on a flight to Atlanta.

smooth convention.

tente Tendine

Action Arthur

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Action of the Action of the Company o Soviets Warming Up to Japan

In New Spirit of Conciliation

International Herald Tribune
TOKYO — Two years after
Mikhail S. Gorbachev outlined a notentially historic new policy in the Pacific region, Moscow is quiet-y seeking to advance ties with Ja-pan significantly beyond the stale-mate of the last three decades.

In line with the Soviet leader's drive for a new look at old problens, momentum in Soviet-Japa-nese relations is likely to emerge within the next two years. It could dramatically alter existing diplomatic and security relationships.

" Mr. Gorbachev appears to have begun a comprehensive review of Soviet policy toward Japan in recent months, according to Japanese officials in Moscow.

the Kremim's highest foreign-po- fort to restructure its economy.

licy priority now seems to be improving relations with Japan.

But Moscow has made only modest political diplomatic progress elsewhere in Asia since Mr. Gorbachev delivered a major po-licy statement at Vladivostok in the Soviet Far East in July 1986.

The Soviet leader's inability to improve relations with Japan has emerged as one of his most important diplomatic shortcomings.

It will he virtually impossible for Mr. Gorbachev to fulfill the ambitions he set forth at Vladivostok --to advance the Soviet Union as a Pacific power and to harness East Asia's economic dynamism without Japan's participation.

In particular, Japanese technology, investment capital and bank credits are viewed as essential in Apart from continuing the pro-cess of rapprochement with China, East and to the broader Soviet efthe development of the Soviet Far

"Gorbachev faces serious constraints, particularly with regards to the military," said Hiroshi Ki-mura, a professor at Hokkaidn University and an authority on the Soviet Union. "But those who feel they must break the ice are gradually gaining influence."

Japanese claims to four small is-lands in the Kuriles chain has blocked the developments of extensive political and economic links between the two nations. The Soviet Union occupied the islands at the end of World War II.

But Soviet officials, Communist party representatives and scholars are using a variety of informal channels in sound out their Japanese counterparts as to how an effective diplomatic action toward

See SOVIET, Page 5

1985 report by the Office of the Chief of Naval Operations.

The latest U.S. figures, however, show that there has been a signifi-

cant decline in the deployment of

of Soviet destroyers, frigates, cor-

vettes, logistic ships, attack subma-

rines, and strategic submarines that

carry nuclear-warhead ballistic and

According to the U.S. Navy, the

Soviet fleet deployed an average of

46 submarines each day in 1984. In

1987, the Soviet fleet deployed an average of 25 submarines each day.

The decline affects deployments

Soviet naval forces since 1984.



Michael Dukakis, top, in Boston on Sunday discussing the state budget, and Jesse Jackson during a CBS interview with Leslie Stahl.

New York Times Service
WASHINGTON — The Soviet Union has cut back on overseas

naval deployments and has stopped carrying out ambitious naval exercises far from Soviet terri-tory, according to high U.S. and Soviet military officials.

- By Michael R. Gordon

Marshal Sergei F. Akhromeyev, the Soviet chief of staff, said at a Pentagon news conference last week that the cutback was an example of Moscow's new effort to develop a purely defensive military doctrine High U.S. military leaders have

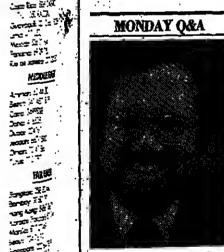
suggested that the cutback primari-

Kiosk

4 GIs Are Hurt In Honduras

TEGUCIGALPA, Honduras (AP) — Attackers-hunled bombs and opened fire at U.S. soldiers leaving a discotheque early Sunday in the northern-city of San Pedro Sola and unded four an America Embassy spokesman said.

He said the soldiers were on leave, carried no weapons and were in civilian clothes. All. were hospitalized and were in stable condition, the spokes-



The economist C. Fred Bergsten sees an urgent need for U.S. domestic demand to be slowed. Page 2.

General Hows After protests, Pakistan halted delivery of most types of arms to Afghan rebels. Page 2.

Business/Finance The Group of Seven nations is divided over the role of commodity prices in guiding economic decisions.

TO OUR READERS

With today's editions, the International Herald Tribune is transferring its printing fa-cility for North and Latin America to New York from Miami. The change will expedite the delivery of the newspaper, and, for many readers in key North American cities, bring them the later reports of the IHT's closing Paris edi-

In announcing the opening of the new printing facility. Lee Huebner, the newspaper's publisher, said the move takes advantage of "the frequent departures from LaGuardia and Kennedy airports to key North American cities. Our studies have also shown that we can fly copies to major markets in Latin America as effectively from New York as we were able to do from Mi-

"Same-day delivery now will be routinely available to internationally oriented cities such as New York, Washington, Boston, Chicago, San Francisco and Los Angeles," said Michael Conroy, president of the IHT's subsidiary in the United States.

Soviet Navy: Wanderlust Lost By Michael R. Gordon by reflects budget concerns in Mos- missile-firing submarines opera ly reflects budget concerns in Mos-missile-firing submarines operating cow, and does not necessarily mean in waters close to the Soviet Union. an important change in military But the growth also provided Moscow with an important means

"There is no question that we in extend its political influence in ave seen fewer forward naval dethe Third World, according in a have seen fewer forward naval deployments," said Admiral William Warsaw Pact leaders call for mul-

tilateral talks on the reduction of conventional arms. Page 5. J. Crowe Jr., chairman of the Joint

Chiefs of Staff, who said that the change appeared to reflect Soviet cost-cutting efforts. Experts on the Soviet Navy have cruise missiles. speculated that the changed pat-

tern of deployments and naval exercises might also reflect a Soviet effort to project a more benign image in Western Europe and Asia. The decline in Soviet operations represents a reversal of a long trend. Soviet naval operations grew considerably from 1965 to 1984, the "peak" year, according to U.S.

Navy figures. The designed wartime role of the Soviet Navy has been the largely

In 1984, the average deployment of warships on a given day was 31 warships. In 1987, the average was

24 per day. in an important change, the Soviet Union did not send a naval task force to the Caribbean last defensive one of keeping U.S. war-ships from approaching Soviet ter-ritory and promoting the Soviet See FLEFT; Page 5. The U.S. Navy has previously

U.S. Navy in the Gulf: **An Open Commitment**

By George C. Wilson down an Iran Air A-300B Airbus Washington Post Service
WASHINGTON — One year

after it began escorting Kuwaiti tankers through the Gulf, the Unit-

NEWS ANALYSIS

and aircraft the U.S. commander says he needs most to carb the

Corps, as head of the U.S. Central Command, has had the mission of military presence in the Gulf unless asserting the right of navigation in the Iran-Iraq war ends, allied naasserting the right of navigation in the frain-traq war ends, affect nature of the policing technique tankers flying a U.S. or friendly flag. The U.S. Navy began the Soviet idea of relying on a Unitersorting reflagged Kuwaiti tankers last July 22 — a year ago this week.

General Crist told the House of the policing to the soviet idea of relying on a Unitersorting reflagged Kuwaiti tankers ago this week.

During General Crist's tour, the United States has increased its presence in the region to 15,000 military personnel from 2,000, and to 27 navy ships from six, including aircraft carriers and high-technology Aegis cruisers like the Vincennes, which mistakenly shot

carrying 290 people on July 3.

This greatly increased military presence has not resulted in less violence at sea - attacks nn mered States seems stuck with an open-chant shipping continue to increase - but has demonstrated a U.S. ended commitment to printed the — but has demonstrated a U.S. waterway without the kind of ships commitment to keep the waterway open with little help from the Soviet Union, according to statistics and military leaders.

But military leaders who a few

Since November 1985, General shelve those proposals. This con-George B. Crist of the Marine fronts the next president with an Corps, as head of the U.S. Central open-ended commitment to a big

Appropriations defense subcom-mittee in February in secret testi-See ESCORT, Page 5

After military gains, President Saddam Hussein of Iraq offers peace to the Iranians.

By David S. Broder Washington Post Service
ATLANTA — Chastened but

confident, the Democratic Party has come here for its quadrennial convention this week determined to show that it has healed the crip- dation for such a consensus camgan era and come to terms with its As the Democrats prepare in

send Governor Michael S. Dukakis won only once in the last five elections, party leaders with the notationalism, acknowledged the need for fiscal discipline and redefined their approach to military and do-mestic needs in hopes of victory in the Nov. 8 election.

"I'm not sure I can explain it," There's a growing consensus."

New Unity Makes Democrats Confident Mr. Dukakis signaled his desire for unity when he selected Senator nition that the deepest division -Lloyd Bentsen of Texas as his running mate, reviving the Boston-Austin alliance that worked for the Democrats in 1960. But the foun-

of Massachusetts on the quest for edly among congressional Demo- my Carter-Edward M. Kennedy the White House, which they have crais since the first year of the Rea- battle of 1980 and contributed to gan administration, when the Ronald Reagan's victory. president could regularly count on

Stuart E. Eizenstat, a party stratover the shape and costs of the next stage of the welfare state - could flare into open warfare if Mr. Du-

kakis is elected. The risks have increased, many say, because Mr. pling internal quarrels of the Rea- paign has been building since 1984. Jackson has become the de facto Party unity has increased mark- leader of the party's left; this has added the explosive question of race to the issues of budget priori ties that split the party in the Jim-

Governor Thomas H. Kean of hle exception of Jesse L. Jackson defecting Democrats in help him New Jersey, who is scheduled to say they have put aside their fac-tionalism, acknowledged the need Now, Mr. Dukakis noted, Dem-Now, Mr. Dukakis noted, Dem-phhlican National Convention

ocratic governors have found their next month, said that the Demoway to a common agenda cupha-sizing education and economic de-run." But in the long run, he added, velopment. Many programs they there is too wide a gap between the have started rely on cooperation views of liberal Democrats like Mr. Mr. Dukakis said last week, "hut with business and a sharing of costs Jackson and of Southern moderateit's there. I sense it everywhere I go. among government, the private conservatives like Senator Sam. There's a growing consensus." sector and recipients of benefits. Numn of Georgia and former Gov-

Still, there is a widespread recog-ernor Charles S. Robh of Virginia.

the uncertainty surrounding Mr. Jackson, saying, "No Democratic convention would be a Democratic convention without a little controegist who, as President Carter's domestic policy coordinator, saw the fragile consensus unravel in 1980. He denied that he was upset by Mr. Jackson's reaction to his selecsaid that the movement Mr. Jackson heads was "outside, and quite tion of Mr. Bentsen. "This is the critical of, the emerging party consensus."

Eizenstat added. "The great danger See DEMOCRATS, Page 6

stuff of politics," Mr. Dukakis said. Dukakis aides said Sunday that

tion of Paul G. Kirk Jr. as the party

See JACKSON, Page 6



On Page 6

the call.

• Japan prefers George Bush, feeling safer with "the devil you know." Democratic delegates are more liberal than the voters they represent.

Jimmy Carter says Bush gives "a kind of effeminate impression."

months ago were drafting plans to reduce the number of ships in the Gulf said they had been ordered to the figures of ships in the Gulf said they had been ordered to the figures of ships in the Gulf said they had been ordered to the figures of ships in the Gulf said they had been ordered to the figures of ships in the Gulf said they had been ordered to the figures of ships in the Gulf said they had been ordered to the figures of ships in the Gulf said they had been ordered to the figures of ships in the Gulf said they had been ordered to the figures of ships in the Gulf said they had been ordered to the figures of ships in the Gulf said they had been ordered to the figures of ships in the Gulf said they had been ordered to the figures of ships in the Gulf said they had been ordered to the figures of ships in the Gulf said they had been ordered to the figures of ships in the Gulf said they had been ordered to the figures of ships in the Gulf said they had been ordered to the figures of ships in the Gulf said they had been ordered to the figures of ships in the Gulf said they had been ordered to the figures of ships in the Gulf said they had been ordered to the figures of ships in the Gulf said they had been ordered to the figures of ships in the figures of sh

out of Washington, which showed a nomic performance, to determine small increase in the U.S. deficit exchange rate movements.

that was in line with market expectations, has given traders a green light to resume buying dollars. For chartists, analysts who plot

signaling whether to buy or sell, the look for only minor retracement as dollar has been and remains a buy.

The technical strength of the dollar remains in place so long as then hit a year-end level of around the exchange rate remains above 1.92 DM.
1.81 Deutsche marks and 129.60 The doll

pated] minor resistance at 1.8610 DM should stem the advance," he said. "I can't see any reason for it to the daily closing rates and see the get choked off before we get in shape of the formed line graph as 1.8815. From that level, I would

> He predicted the dollar would The dollar ended in New York at

yen," said Simon Crane. His Lon- an 11-month high of 1.8805 Deut-

Concerted, but tenid, interven-

Mr. Crane said he thought fundamental factors reinforced the lar could rise to 141 yen. pieture he obtained from the

"Interest rates are going in con- But a rise beyond that point could

By Carl Gewirtz

International Herald Tribune

PARIS—The latest trade report and of Washington, which showed a mall increase in the U.S. deficit hat was in line with market expectable with market expectable with market expectable.

don-based company, Crane Investance in the loss of 1.8897 but well up pressures and a robust rate of economic overheating, obliging the day's high of 1.8893. The dollar nomic expansion," he said. This latest trade report and on the low of 1.8393. The dollar nomic expansion, which showed a room performance, to determine exchange rate movements.

"I see little reason why [antici-

tion by European central banks dollar-denominated assets more at-and the Federal Reserve System tractive for foreign investors, enfailed to arrest the surge in the U.S. couraging further sales of yen and currency on Friday, which followed the trade report.

currency.

currency.

In Asia, Mr. Crane said, the dol-"Up to that level, the Japanese have room to be tolerant." he said.

A Crane analyst, Sue Pollard, said Friday's close of 135.45 yen

was a significant breakthrough in-dicating more gains to come. Robert Kepler, a technical analyst at Shearson Lehman Hutton

Inc., said a major test of the dollar's strength would occur if it can break past 137 yen.

Mr. Kepler said he did not see a "vertical drop" of the yen, hut a "more labored" trading range,

See DOLLAR, Page 9



Thousands of southbound motorists waiting it out on the Munich-to-Salzburg autobahn in one of the summer's worst traffic jams.

Stau: Holiday in a Slow Lane

By Ferdinand Protzman International Herald Tribune FRANKFURT - The auto-

bahn from Munich to Salzburg is a scenic road, running through the wooded foothills of the Alps, crossing the lan River and skirting the southern shore of the Chiemsee, one of Bavaria's most beautiful mountain lakes.

It is also the autobahn system's worst hottleneck. On summer weekends, thousands of German motorists, as well as foreigners, get an unwanted opportunity to familiarize themselves with the highway's pastoral surroundings as they wait in what one police official called, an almost traditional part of a German's vacation: der Stau, or traffic jam.

Although the start of the summer holiday season snarls traffic in other European countries, the traffic jams on West Germany's 8,450-kilometer (5.220-mile) autobahn system are legendary in size and peculiarly German in character.

This past weekend was the one of the worst weekends of the summer. The Munich-Salzburg antobahn on Saturday was more like a linear parking lot than a superhighway as the Bavarian police reported southbound traffic jammed from one slavian border and two-hour waits end of the 130-kilometer autobahn at the Austrian-Italian border.

to the other. The weekend before, Lengthy delays were reported at the Stau was only 100 kilometers almost all Alpine tunnels and

"We don't keep records on the length of the traffic jams," said start of school holidays in Saarland Alfons Metzger, a spokesman for and Rhineland-Pfalz states and by the Bavarian Interior Ministry. But it's safe to say those are two of cation of thousands of workers the longest we'll see this year. We from Ford-Werke AG in Cologne. know when they will happen, but

Every German knows there will be huge traffic jams to contend with. But people press on.

there really isn't anything that can be done to prevent them. You can't tell people not to go on vacation." In the summer, it seems as if everyone in the country packs up

his car and drives south on the perts say, making driving that autobahn, heading for the lakes much more hazardous. On Saturand mountains of Austria, Switzer-day, nine persons died in accidents land and Italy, or the beaches of on southern German federal high-Yugoslavia, Greece and Turkey.

Over the weekend, the flood of German sun-seekers caused four- limit on many parts of the autohour delays at the Austrian-Yugo- bahn and the heavy traffic, the sys-

passes in Austria and Switzerland. These jams were caused by the The previous weekend, a school holiday in North Rhine-Westphalia, the nation's most populous state, coincided with the start of Volkswagen AG's summer vaca-

tion period. Dutch, Belgian and Scandinavian vacationers also add to the congestion.

"These are the two worst weekends," said Dieter Wiersich, a spokesman for the Allgemeiner Deutscher Antomobil-Club in Mu-

The traffic jams also spill over onto the Bundestrassen, or twolane federal highways, traffic exways and autobahns.

Despite the absence of a speed

See JAM, Page 5

and nothing that are been and nothing the same income

Although discontent in the country is being fed by economic recession unitary offensives against the employing of Ayacucho, have re-

has appears to be weakening Pent are democracy and to be meaning racial and alass temporary by any objective presents. Shinking Radius more active over a larger at the more active over a larger at the more particularly over the content of the con

TRAVEL UPDATE

With the easing of the Greek strike by the weekend, delays at Gatwick had been reduced to a few

For the Record

Police blocked at least three other music festivals in South Africa and

banned several sporting events planned to commemorate the day. The Cape Town concert was hastily organized in defiance of a government ban on any event observing Mr. Mandela's birthday.

serving a life sentence for plotting to overthrow white rule. About 700 blacks and whites left the hall peacefully when told by a concert organizer that policemen had given them 10 minutes to leave.

Scores of policemen arrived about three hours after the concert started in a campus hall not far from Pollsmoor Prison, where Mr. Mandela is

Three members of Egypt's Moslem fundamentalist Jihad, sentenced to life in prison in connection with the 1981 assassination of President Anwar Sadat, escaped from a Cairo prison on Sunday, police said. (UPI)

Avianca Workers Threaten Strike

A British Airways spokesman al airline, voted Saturday to go on an indefinite strike if management did not meet their demands for better wages and working conditions, a strike cent of its European flights from

In a statement, the committee said it would decide Monday when to begin the strike, which would ground all 24 Avianca airliners, used on both domestic and international flights.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

TUESDAY: Botswana, Nicaragua, Saudi Arabia. WEDNESDAY: Colombia, Saudi Arabia. THURSDAY: Belgium, Bhutan, Sandi Arabia.

FRIDAY: Kuwaii, Poland, Sandi Arabia. SATURDAY: Egypt, Kuwait, Lebanon, Libya, Saudi Arabia.

SUNDAY: Bahrain, Ecuador, Egypt, India, Iraq, Israel, Jordan, Kuwait, Lebanon, North Yernen, Pakistan, Saudi Arabia, Singapore, Sri Lanka, Turkey, Source: Morgan Guaranty Trust Co., Renters.

Correction

Due to the omission of a paragraph in the Saturday-Sunday Herald Tribune, an article on the work of Nicolas Poussin inaccurately left the impression that the Kimbell Art Museum acquired one of the two sections of Poussin's "Venus and Adonis in a landscape near Grottafer-

Saturday-Sunday issue is another early Poussin, also fitted "venus and Adonis," accquired by the Kimbell Art Museum in 1985.

The omitted paragraph referring to that painting read: It is on the basis of Clovis Whitfield's reconstruction that paintings such as another "Venus and Adonis," sold at Christies in July 1984 for £280,800 as part of the Cook collection can some he reconstruction and a sufference before the cook collection can some he reconstruction and a sufference before the cook collection can some he reconstruction and a sufference before the cook collection can see the reconstruction and the cook collection can see the reconstruction and the cook collection can see the reconstruction of the cook collection can be a sufference to the collect

nounced more good trade figures, with the monthly deficit rising only modestly to \$10.93 billion in May. Earlier last week, the chairman of the Federal Reserve Board, Alan Greenspan, warned that inflation was now the main danger facing the U.S. economy and suggested that interest rates might have to rise further. Reginald Dale, the International Herald Tribune's economics correspondent, talked with C. Fred Bergsten, director of the Washingtonbased Institute for International Economics, who has worked for both Re-

O. Is the U.S. deficit really declining

administrations

enough to adjust the world's economic imbalances? A. The trade deficit is clearly declining and will continue to decline through 1988 and 1989 as well. The problem is that no existing model shows the deficit ever getting below \$100 hillion at current exchange rates and with current national policies. So the adjustment process is ance and to avoid the risk of renewed

By David B. Ottaway

Washington Post Service

has halted deliveries to the Afghan guerrillas of almost all types of U.S.

weapons, according to administra-tion officials. The halt, which was

with Washington's approval, came after intense Soviet and United Na-

The U.S. officials told of a "sig-

nificant reduction" since mid-June

in the movement of weapons across

the border from Pakistan into Af-

ghanistan. They said little other

than small arms and ammunition

was now reaching the guerrilla

There has been an almost total

The Pakistani decision came af-

ter the Reagan administration had

urged cooperation with UN at-

tempts to insure fulfillment of the

peace accords, which were signed

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halt in deliveries of U.S.-made Stinger anti-aircraft missiles and

weapons like mortars, they said,

WASHINGTON - Pakistan

substantial further decline in the dollar, although the run-up that has occurred in 1988 will need to be reversed.

publicon and Democrotic Q. Do you agree with Mr. Greenspan about the dangers of inflation, now that the U.S. economy is running so close to

its capacity limits? A. Domestic and international considerations now point in precisely the same direction for American economic policy. A dampening of the growth of domestic demand is needed both to achieve the

and Afghanistan.

April 14 in Geneva by the Soviet stan reserved the right to continue Union, the United States, Pakistan supplying the guerrillas if Moscow

"The Pakistanis are trying to be forces. Nonetheless, the adminis-cooperative" with the UN Good tration agreed to act as "a guaran-

told them they have a commitment Diego Cordovez, who has just re-

viet officials complained bitterly lamabad, said Pakistan and about Pakistani and U.S. violations Afghanistan had agreed to "turn

of the accords, and threatened to the page" and to "start afresh" on

to 115,000 Soviet troops in Afghan-istan. As of late June, 23,000 had ernments of Pakistan and Afghani-

Some U.S. officials have ex- able assnrances of their

pressed concern that the Soviet determination to carry out fully

Union might not meet its an- and in good faith the obligations

nounced interim goal of a 50 per- set out in the Geneva accords," he

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Varies

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2,700

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14,000

220,000

365

1,100

1,400

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17,000

22,620

1,100

1.400

280

260

340

slow the withdrawal of the 100,000 carrying out the accords.

A UN undersecretary-general,

turned from a round of shuttle di-

plomacy between Kabul and Is-

stan very categorical and unmistak-

Offices Mission in Afghanistan and tor" of the accords. Pakistan, a U.S. official said. "We A UN undersec

The decision also came after So-

left, according to Soviet officials.

of repeated guerrilla attacks on

The administration regards the

50 percent mark as the point of no

The accords provide for with-drawal of all the Soviet troops by Feh. 15, although Moscow has said

it expects to complete the process

The accords also stipulate an end

to outside interference in Afghani-

the support by Pakistani, the Unit-

The UN Good Offices Mission, a

50-member team of observers from

several nations, was established to

ed States and and others.

monitor the accords,

12 months

4.900

11,500

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600

135

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Country/Currency

Austria

Belgium

Denmark

Finland

France

Greece

Ireland

ltaly

Germany*

Gr. Britain

Luxembourg

Netherlands

Norway (air)

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Portugal

Spain (air)

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Sweden (air)

Switzerland

Asia

LUARANTEE

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Rest of Africa, Gulf States,

their withdrawing forces.

return for a total pullout.

by Dec. 31.

cent reduction by Aug. 15 because said.

A. If this year's dollar rise were susdown even to \$100 billion.

After Protests, Pakistan Halts Most Arms to Afghan Rebels According to Afghanistan, Pakinized independence and impartial have on the guerrillas and their stan has blocked inspectors from ity" chosen by both sides. Its main intended offensive to seize several

> ers, by March 1 to form a new Mr. Cordovez said that "a num-ber of changes" were being intro-duced to improve the functioning Neither side has expressed interest in such an interim neutral govfailing to take garrisons and towns

ernment, U.S. officials said. As of July 12, the Kabul govern-ment had filed 46 memorandums with the UN oversight mission accusing Pakistan of at least 250 violations of the accords, which for-

mally took effect May 15. The reported violations concerned transit of weapons and armed groups into Afghanistan

from Pakistan. It was not immediately clear

since early in the war.

Swift retreats by Iranian troops

coupled with signs of growing disil-

intended offensive to seize several purpose would he to prepare a loya major provincial centers and hring jirga, a meeting of all Afghan lead-about the downfall of the pro-Soviet government. The rebels have recently suffered several setbacks on the ground,

> they singled out or being forced to withdraw from several after initially having seized control. Statements by several guerrilla leaders in April that they would have control by June of Jalalabad

or Kandahar, two major provincial capitals, proved over-ambitious. U.S. officials said the guerrilla were well supplied with arms and had captured a huge quantity of Soviet weapons from posts aban-

doned by the Afghan Army to the rebels since mid-April.

On Black Box

The Associated Press

day that it had asked the Enro-

pean Airbus consortium to help in the search for the black

box flight recorder from the

airliner that was shot down by

The Iranian news agency,

IRNA, said that the request

had been made through the

French member of the consor-

down by the craiser Vincennes

on July 3, killing 290 people. The Pentagon said informa-

tion gathered by the cruiser

showed the plane had been de-

scending in an "attack pro-

file," but Iran said the plane

could help determine the

The Airbus A-300 was shot

a U.S. cruiser.

tium, Acrospatiale,

NICOSIA - Iran said Sum-

would comprise "Afghans of recog- what impact the arms cutoff might Iraqi Leader Renews Call for Peace Iran Asks Help

By Edward Cody Washington Post Service BAGHDAD - Riding high on a

string of swift military victories, President Saddam Hussein of Iraq battlefield. A military communique issued stan's internal affairs and an end to urged Iranian leaders Sunday to Sunday said that Iraqi soldiers had learn from their recent defeats and negotiate a comprehensive peace agreement to restore security to the Gulf. Mr. Hussein's appeal for peace talks was accompanied by a list of demands that Iraq has long insisted

end. But the appeal appeared to be Diplomats in Baghdad said Iraqi significant after a four-mouth cam-military victories since April have paign during which Iraqi forces driven Iranian forces from almost have seized the initiative on the all Iragi territory they occupied

gate possible violations of the

of the oversight group. These in-cluded the establishment of two

military outposts on the border and

"full access" to airports to monitor

more closely the Soviet withdrawal.

posed to the two Afghanistan sides

lowed on Sept. I by a de facto

cease-fire and the establishment of

a "national government for peace

Such an interim government

Mr. Cordovez said he had pro-

"cooling-off period" to be fol-

ments.

and reconstruction.

withdrawn from about 3,880 square kilometers (1,500 square miles) of territory seized last week in the southern Zubeidat region. including the town of Dehloran, about 30 kilometers (19 miles) in-At the time of the signing, how-ever, the United States and Paki-must be met before the war can side Iran.

lusionment in Tehran, have raised the question whether Ayatollah Ruhollah Khomeini's Islamic Revolntion may have been thrown seriously off balance. Journalists who visited the Zubeidat region said Iraqi forces appeared to have swept ahead in just

few hours. Iranian authorities in Tehran said that the defenders had withdrawn without a major battle. The initiative in the Gulf War has shifted at least three times since hostilities began in September 1980. But with Iraq now holding Mr. Hussein must decide whether to press his advantage by seeking to

phasis to both courses. an war machine would "collapse."

inflict more defeats on Iranian forces or by organizing diplomatic pressure on Ayatollah Khomeini's leadership to accept peace on Iraqi Mr. Hussein, speaking on na-tional television on the 20th anni-

on the rulers in Tehran to draw the real lessons of the defeats and their abortive adventures against Iraq and the countries of the Gulf." Mr. Hussein also reiterated Iraq's adherence to UN Security

versary of the Ba'ath Party's rise to

Council Resolution 598, and stated He praised the Iraqi Army's his willingness to reach an agree-great victories" and told Iraqis ment with Tehran based on five principles for peace. These are a complete withdrawal to recognized borders, a prisoner exchange, a nonaggression pact, respect for

power, seemed to give equal em-

that they had reached a "great en-trance" to a year in which the Irani-"In line with our constant princi-ples over the years." Mr. Hussein each country's political system and sad, "today we extend our hands contributions to security in the for an honorable peace, and we call Gulf region.

2 Air Control Unions

Cancel Strike in France By Warren Getler monal Herald Tribune LONDON - Two French air traffic controllers unions have decided to call off a one-day strike Spain and Greece, an airport scheduled for Monday, but the Eu-ropean air traffic system will re- A British Air

main under pressure because of said Sunday that more than 75 perheavy vacation travel and other problems, according to airline industry officials. Spanish and Italian air traffic controllers also are weighing strike around 95 percent taking off within action, and industry officials say

there is a crisis in European air-travel, particularly among char-tered flights, with no short-term solution to bottlenecks in sight. A strike last week by Greek controllers, which has now eased, created major disruption on flights to and from the eastern Mediterra-near. There were delays of up to 50 hours for charter flights to the

Greek isles from Britain. French radio reported Sunday that the CFDT and SNCTA unions, whose members represent nearly 70 percent of French air traffic controllers, had decided to call off the strike, scheduled for 5 A.M. Monday, because the French government had agreed to recruit more staff and to increase salaries. Union officials said that some de-

CGT, bas refused to work, and airrestore most canceled flights.

Heathrow Airport left within fifteen minutes of standard departure time on Friday and Saturday, with an hour of the planned time. The British Airways charter airline, Caledonian Airways, saw more than 90 percent of its aircraft

take off within an hour of schedule

Friday and Saturday, and no flight

hours at most for flights to coastal

was delayed more than 75 minutes. "The fear is that now the congestion and strike action will be focused on Central Europe and on the Western Mediterranean," said David Kyd, a spokesman for the International Air Transport Association in Geneva.

ripple effect" through the entire European system because of France's central position. Some regional airlines had already enacted contingency plans for Monday. London City Airways. lays could be expected on Monday. the Docklands London City Airwhich offers four flights a day from A third union representing port to Paris, decided Friday to French air traffic controllers, the cancel Monday's flights.

Mr. Kyd said that a strike by

French controllers would cause "a

CGT, bas refused to work, and air-lines said it would be too late to is a result of high demand, abetted by industry deregulation and high-At Gatwick Airport near Lon- er disposal incomes among condon, more than 1,000 passengers sumers. But it also reflects strains were stranded overnight late last on air traffic control systems at week because of flight delays popular destinations, like Greece caused by the strike in Greece, and the coast of Spain.

18-7-88

Fighting the U.S. Deficit: Domestic Demand Is Called Key On Friday, the United States an- working, but extensive further actions inflation. It is extremely peculiar to have to the U.S. elections in November and before the time has come when the Unita budget deficit still running at 3.5 perwill be needed. cent of gross national product with the ed States can begin to attack its budget Q. What actions? deficit seriously. A. The main additional actions needed economy so near to full employment. now relate to internal demand in the Q. Does that mean there should be Q. Will the strong dollar, and the re-United States and faster economic further increases in interest rates? A. A far preferable course would be a cent strength of the economy, belp the growth in Europe. The main requirement election campaign of Vice President is to limit the growth of domestic demand significant cut in the budget deficit to George Bush? in the United States, mainly consumprestrain domestic growth through fiscal A. If the dollar holds and inflation rather than monetary policy. Higher inremains as modest as it is now, the econoterest rates discourage the investment MONDAY O&A needed to expand export capacity and my should continue to look good through the election. could push the dollar higher when it tion, in order to free up sufficient re-Q. Do you think Mr. Greenspan is sources to improve the trade balance. If needs to go lower. taking a politically neutral line in the runthat is done, I do not see a need for a

Q. Is the recent strength of the dollar up to the dection?

A. Chairman Green trade delicit next year?

tained, it would worsen the trade balance by at least another \$25 billion by 1990 or so. Under those circumstances, the external deficit would probably never get O. Do you think that will happen, that

the dollar will go on rising? A. The fundamental pressures on the dollar are still downward. The central banks are letting the dollar rise primarily to reduce the risk of a sharp decline prior

continued arming government visiting the border area to investiforces. Nonetheless, the adminis-

A. Chairman Greenspan is operating completely independently of the political process. He is clearly indicating his concern over a renewal of inflationary presthe timing of the election.

iems until after the elections? adjustment problem, namely its internal budget deficit, until after the new admin-

sures and the determination of the Fed to head them off if necessary, regardless of Q. Isn't the United States really only

postponing tackling its economic prob-United States cannot address its major

A. The unfortunate reality is that the

Q. Do you think that the new administration will take a tougher line with America's trade partners? A. Any new administration will continue to take a tough line on trade issues. But it is also likely that the new administration will mount a major attack on the budget deficit and will thereby reduce

protectionist pressures. That will improve the climate for trade liberalization and the current round of international trade negotiations. Q. Do you agree with those who say that the new administration, whether it is Democrat or Republican, will step up

istration and Congress take office. I be-

lieve they must deal decisively with the

budget deficit in their first few months or

risk a collapse of confidence in the dollar,

as the world would then anticipate four

more years of buge twin deficits.

government aid to U.S. industry to help it compete with Japan?

A. In the light of the country's budget problems, I do not see any significant increase in aid to industry. A successful attack on the trade deficit, through cutting the budget deficit, would substan-tially reduce pressures in that direction.

stop in Petah Tikva, east of Tet Aviv. The identity of the slain man was withheld by the Israeli police, but Palestinian sources named him as Salim Mahzoul, 21, from the village of Iit near Tulkarem.

Scientist Assails Soviet Achievements WASHINGTON (Reuters) - A leading Soviet scientist has delivered a scathing indictment of Soviet science, saying that it had failed to live up to world standards. The scientist's remarks, from an article made public Sunday, appeared to contradict decades of official Soviet policy in which

WORLD BRIEFS

MOSCOW (Reuters) - Armenians decided Sunday to call off a

general strike just before a crucial Kremlin meeting on the disputed.

Nagorno-Karabakh Autonomous Region. The strike was ended for

"tactical reasons," but the Armenians say that their demands for

Mikhail S. Gorbachev, the Soviet leader, is scheduled to attend a:

meeting of the Presidium of the Supreme Soviet, the nominal parliament

on Monday to review the crisis. Armenian activists apparently concluded

The general strike was announced on the first weekend in July to back.

demands by the Nagorno-Karabakh governing council that the enclave-become part of Armenia. There have been mass rallies in Yerevan almost

Israeli Kills Arab in Fight for Gun

it would be tactful for them to be at work on that day.

Armenians Call Off General Strike

enclave in Azerbaijan are unchanged.

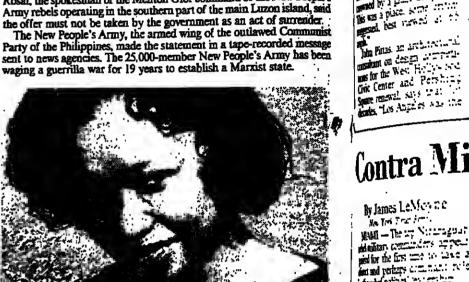
stop in Petah Tikva, east of Tel Aviv.

scientific achievements were cited as the pride of the system. "Soviet science has suffered deep and still bleeding wounds from illconceived government policies," said Roald Z. Sagdeyev, director of the
Soviet Space Research Institute. "Today, although the Soviet Union has. one of the world's largest scientific work forces, it has only a modest record of achievements and is contributing too hittle to the world's scientific knowledge." Mr. Sagdeyev, who is also adviser to the Soviet leader, Mikhail S. Gorbachev, was writing "Issues in Science and Technology." a quarterly journal published by the U.S. National Academy of

Among Mr. Sagdeyev's complaints were what he described as stultifying restrictions on the movement of scientists both at home, where housing shortages keep many from science centers around Moscow, and abroad, where isolationist bureaucrats spurn international cooperation

Communists Make Offer to Manila

MANILA (AP) — A guerrilla commander said Sunday that Commi nist rebels were willing to open peace talks with President Corazon C. Aquino's government in a bid to bring peace to the Philippines. The commander, Gregorio Rosal, also accused the military of sabotaging reconciliation efforts by both the rebels and the government. But Mr. Rosal, the spokesman of the Meliton Glor command of the New People's



In Soweto, South Africa, Zinzi Mandela modeled a pair of boxing

gloves sent to her father, Nelson Mandela, by Mike Tyson, the heavyweight champion, for the jailed nationalist leader's birthday.

Mandela Fête Halted in Cape Town CAPE TOWN (Reuters) - Riot policemen halted a music festival Sunday at the University of Cape Town that was being beld to mark the 70th birthday, on Monday, of Nelson Mandela, the jailed black nationalist leader. No one was hurt.

BOGOTA (Reuters) - Employees of Avianca, the Colombian nation-

MONDAY; Botswana, Puerto Rico, Saudi Arabia, Uruguay.

rata." The two halves, respectively, belong to the Musée Fabre in Montpellier and Everett B. Birch of New York, Reproduced in the Saturday Sunday issue is another early Poussin, also titled "Venus and

the Cook collection, can now be recognized as antograph Poussin work. It was previously rejected by Anthony Blunt, who densively attributed it to "the Master of the Clumsy Children."

Mr. Whitfield runs the Walpole Gallery in London.

TEL AVIV (Reuters) — An Israeli soldier shot and killed a Palestinian who tried to wrest away his rifte on Sounday in a Tel Aviv about, the Israeli police reported. It was the first killing of an Arab inside Israeli since disorders began in the occupied territories in December.

The police said the soldier, Yossi Hadasi, 18, shot a West Bank resident DE NO DOUBT. HE'LL RETUI THE NU DOLL OF THE LA. KE. TU.

The from his home in Chicago. I in the chest when three Arabs tried to take away his M-16 rifle at a bus 12. isk Now Y gramite

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In Peru, Sh

By Alan Riding See York Time: Ser. .: LDMA - Long dismissed as an for is Suning Path guerralies of Peru all mespead out from the Andean Segming urban political force. are The movement's terrorises comand region where

is then ever before 1 Western them as and "The 2015" thing is the in a constant of the second them is a constant of the second them in a constant of the second them is a constant of the second the s define war that has already taken 1400 lives, Peruvians are growing and minimum and minimum are growing ned to its violence. The movement still promabily has been said as death a long way from seriang

is views

Car Collapses on Airliner The Assessment Press

FRANKFURT — A Pertuguence sinter skideled partly off the renlanding seats collapsed, across of such said. None of the 125 pertous aboard was injured.

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of the Soviet leader, is scheduled to the Supreme Soviet, the nominal leader

crisis. Armerican activists apparently and

can to be at work on that day.

amnounced the first weekend in hely and

There have been mass railies in young

An leval soldier shot and killed a had his, rifle on Sunday in a Tel Any shot the acceptant killing of an Arab find the acceptant erritories in December. Year Hadasi 18, shot a West Bankar and to take away his M-16 file the and tree was withheld by the brack pair of him as Saint Mairzoul 21, from the base pairs

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Make Offer to Manila

guaranteer said Sunday that Geral a bid in the president Company of the President Company of the Royal and the government by the Market Sunday of the Sunday is the Multiple Corresponded of the Needle to the same function of the Needle to the main Luzon deals there are the second second second second many the series wing of the outlawed Come to the secondary is a lape-recorded as People's Amy ha the 19 years to examine a Marcel sage



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AVEL UPDATE where Threaten Strike

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Control of the second

men than ever before," a Western diplomat said. "The worst thing is that in a war that has already taken 14,000 lives, Peruvians are growing

clearly a long way from seizing

attributed to the armed forces. Even the recent capture of a top

rebel leader, Osman Morote, at first heralded as a stunning blow to the organization, has enabled Shining Path to use his court appearances as a platform for expressing

Although discontent in the country is being fed by economic recession, military offensives against the guerrillas, particularly in the southem province of Ayacucho, have re-

Gear Collapses on Airliner

The Associated Press FRANKFURT - A Portuguese autiner skidded partly off the run-way here Saturday after one of its landing gears collapsed, airport of-ficials said. None of the 125 persons aboard was injured.



LATER, NO DOUBT, HE'LL 'RETURN' THIS PRESENT — John Matar spent much of his 46th birthday removing plastic "peanuts" from his home in Chicago. The packing material, two truckloads of it, was a gag gift sprung upon Mr. Matar by his brother, Sam. The two have been exchanging outrageous birthday presents, each trying to outdo the other, for the last 12 years.

AMERICAN TOPICS

Putting More Style In L.A. Architecture

After decades of an anything-goes attitude, Los Angeles is beginning to get fussy about its larchitecture, Scott Harris reports in the Los Angeles Times. After an "awkward, protracted adolescence," he writes, Los Angeles "seems to be shedding its trendy tendencies, groping for a more permanent, more classic sense of style. Simply put, the city is growing up."

Until recently, the Los Angeles skyline "mostly meant billboards, bright gas station signs, the occasional doughnut shop crowned by a giant doughnut.

suggested, best viewed at 65 John Pittas, an architectural consultant on design competitions for the West Hollywood Civic Center and Pershing Square renewal; says that for decades, "Los Angeles was the

This was a place, some critics

capital of ephemera. Everything was like a movie set."

Mr. Harris writes that "while New York erected towers of granite, we mass-produced drive-through hamburger joints dressed in gaudy plastic. Visi-tors would eat our hamburgers and shake hands with Mickey Mouse and take home slurs about a 'plastic' place and 'plas-

Today, says the city conneil-man Michael Woo, a city plan-ner by training, "people are just less tolerant of bad design."

The city now boasts such new landmarks as the red sandstone Museum of Contemporary Art, designed by the renowned Arata Isozaki of Japan, and the 73-story Library Tower, still under construction. The archi-tects, LM. Pei Partners, promise that it will give people "some-thing to ooh and ahh about."

Short Takes

More and more grown children are living at home, the U.S. Census Burean reports — more than half of women aged 20-24, and one of every six men aged 25-29. Sociologists say they cannot fully explain this, but say the reasons may include the

trend toward marrying later in life, an increase in the price of bousing relative to income and a backfiring of the permissive child-rearing styles of the 1950s and 1960s.

The generations-old com-

plaint that colleges exploit their student athletes has prompted several members of Congress to sponsor bills requiring institu-tions that receive federal funds, and that means most of them. to report the graduation rate of students with athletic scholarships. The only penalty would be public embarrassment for in-stitutions with a low rate. One of the sponsors is Senator Bill Bradley, Democrat of New Jer-sey, who was a Rhodes scholar in between playing basketball for Princeton University and the professional New York Knickerbockers.

Notes About People

Attorney General Edwin Meese 3d says be will join the conservative Heritage Founda-tion and the Hoover Institution of Stanford University when he leaves the Justice Department in late July or early August. Mr.

gation by a special prosecutor over allegations of using his influence to help his friends. No criminal charges resulted. He said he was looking forward "to a more reflective period, with-out the white heat and daily pressures that come with high-level responsibilities at the White House or a cabinet agen-

Meese had been under investi-

Representative Andrew Ja-cobs Jr. of Indiana writes tart replies to hostile letters in the style of the late Senator Stephen M. Young of Ohio, who would often reply to unfriendly letters with "Some idiot is writing to me and signing your name." In-deed, Mr. Jacobs used to send copies of his own letters to Mr. Young for critical appraisal. When a letter writer informed Mr. Jacobs that he was "an in-competent jerk." Mr. Jacobs re-plied, "Dear Sir: Thank you for the kind compliment. Naturally, I should dread being compe-tent at being a jerk. P.S. Just in case you did not intend to compliment me, yon, Sir, are an incompetent name caller."

Arthur Highee

Contra Military Likely to Expand Role

In Peru, Shining Path Is Spreading Out

Yet although Shining Path is a Guzman assumed the title of Presi-

'By any objective measure, Shining Path

before. The worst thing is that, in a war

that has already taken 14,000 lives,

Peruvians are growing used to its

is more active over a larger area than ever

By James LeMoyne New York Times Service

MIAMI - The top Nicaraguan military commanders appear views. Mr. Bermidez called for reduced and perhaps dominant role in the nebel political leadership.

Thinque Bermidez, the chief military commander of the rebels, with the Sandinistas at a time when of the U.S. ambassador a week ago known as contras, has said in an the Sandinistas are openly reinderview that he expected to be pressing the opposition in Nicaradecided as a rebel political director gua."

The Sandinistas are openly reand a crackdown on opposition parties and news groups in Nicaragua." this weekend at a meeting of the contras in the Dominican Repub-

The growing clout of politically conservative rebel military commanders appears likely to reduce the contras willingness to negotiment at a time when the Sandinista leadership is trying to restrain the

opposition in Nicaragua.

The hardening on both sides threatens a yearlong effort to end the conflict in Nicaragua. The growing influence of rebel military reconsider past decisions not to leaders is also likely to stiffen rebel arm the rebels.

demands for renewed U.S. military aid, according to contras and to U.S. officials.

the Sandinistas are openly repressing the people. They are totalitarians, and they want total power."

Mr. Bermidez said he knew that giving new military aid to the con-

army convoy a day earlier in which

four soldiers were killed.

violence.'

A Western diplomat

This trend began as early as the

1950s in response to the deepening

poverty of the rural population, but

was accelerated in the 1980s by

Shining Path after its armed ac-

tions began in 1980 reflected the failure of the Peruvian authorities

to recognize that it was more than merciy a terrorist group.

The last round of talks broke cials, Mr. Bermudez is almost cerin Managna in June.

"I'm not saying we won't ever The debate over the reach talk," Mr. Bermudez said in the ture is mired in conflicting views in Congress and the administration Congress and the United States has any right to support a war against Nicaragua and on what such a war

Few military specialists say they the U.S. Congress did not favor believe the rebels can defeat the Sandinistas, but several administras at this time. But he contended tration officials argue that only the that the rebels needed military supplies, and he called on Congress to can make the Sandinistas negotiate look at the Sandinistas and to lasting political concessions, a view that is also contested.

Witnesses say soldiers killed about 30 villagers at Cayara in Ayacucho on May 14, reportedly in reprisal for a guerrilla attack on an terminal for a guerrilla attack on an expression of the local population. By

campaign "to strangle" the cities.

A short man in his early 50s, Mr.

built a following at the University ty threat in 1983, its reaction was

of Avacucho.

down amid mutual recriminations tain to be successful in his effort to be elected as a member of the new rorist attacks aimed at the Olymrebel political directorate.

If elected, Mr. Bermidez would become the most powerful figure in the rebel opposition, since he will be both a political director and the commander of the rebel army. He will find further support from Aristides Sanchez, who is also likely to be elected to the new directorate and who is a close ally of Mr. Ber-

Six rebel military commanders said in interviews in Miami en route to the meeting in the Dominican Republic that they uo longer trusted civilian leaders to represent them. They said they want both Mr. Bermudez and Mr. Sánchez on the directorate.

"It is time to integrate a political-military command," said Juan Ramon Rivas, a veteran rebel com-mander. "We want a more representative voice on the direc-

1984, Shining Path was extending

its influence beyond the mountains

Heading a new Social Democrat-

ic government in July 1985, Presi-

dent Alan Garcia Pérez promised a

different approach. Mr. García rec-ognized the social roots of the con-

flict and pledged new investment in

the Andean regions as well as end

But, three years later, Mr. Gar-

cia's policy is now viewed as a fail-

ure. After he ordered investigations

into several killings carried out by

army troops, the armed forces angrily suspended many of their pa-

trols, enabling rebels to return to areas from which they had with-

attention to Lima. It is seeking to make its presence felt, above all in

tu human rights abuses.

U.S. Aid to **Democracy** For Asians

By Don Oberdorfer Washington Past Service
SEOUL — Secretary of State

George P. Shultz, citing recent democratic successes in South Kodemocratic successes in South Korea and the Philippines, has pledged that the United States will remain engaged with democratically oriented political forces in an effort to promote peaceful

change in this part of the world.

Mr. Shultz, in a speech prepared for delivery Monday to the Korean Newspaper Editors Association, described U.S. influence of the sort exerted in Manila in early 1986 and in South Korea in June as "a precious resource" that would be em-ployed by Washington for constructive ends.

He said the democratic revolutions that toppled Ferdinand E. Marcos from the presidency in the Philippines and that created a pop-ular presidential system in South Korea had demonstrated "success in maintaining the delicate balance between domestic pressures for reform and friendly assistance from

He also promised South Korea and other Asian democracies steadfast U.S. support when they are threatened by "hostile external

U.S. troops, be said, "will remain in Korea as long as the people and governments of both the United States and the Republic of Korea deem them necessary to ensure

Addressing North Korea direct-ly, he said, "We urge the North Korean leaders to rethink the severe restrictions they impose on the lives of their citizens

The secretary of state was scheduled to meet on Monday with President Roh Tae Woo, who recently announced a more conciliatory policy toward North Korea. He called Mr. Roh's proposals

"a constructive and sincere effort to breathe new life into the process of the North-South dialogue." On Saturday, Mr. Shultz said the United States had been told in strong terms by the Soviet Union and China that North Korea would

not commit terrorist acts at the Summer Olympics, which will begin in Scoul in two months. He quoted the Soviet foreign minister, Eduard A. Shevardnadze, as saying in a White House meeting in March, "We know the North Koreans well, and I can assure you

He said Chinese officials had "made similar comments."

Shultz Vows U.S. Is to Resume Processing Of Visas for Soviet Refugees

resume Monday.

MOSCOW -The U.S. Embassy has announced that it will resume processing the applications of thousands of Soviets who were promised refugee status in the United States but were left strand-ed because of a lack of State Department funds.

The embassy also announced that it would ask prospective refugees, their relatives in the United States and private organizations to help pay the refugees' way to the United States.

The U.S. government had been helping finance their travel to and

Opposition Chief In Mexico Urges 'Mobilization'

MEXICO CITY — Cuauhtémoc Cárdenas began a "national mobi-lization" against the Mexican gov-ernment on Sunday with a raily of more than 200,000 people in the capital's historic central plaza. The leftist opposition leader denounced what he said was electoral fraud that denied him victory in the July o presidential election.

"In the electoral field, the gov-ernment, its party and everything they represent — corruption, anti-democracy, delivery of the nation to foreigners, violence and assassi nation - have been defeated," Mr.

Rejecting official election results that showed him finishing second to the ruling party candidate, Car-los Salinas de Gortari, Mr. Cárdenas called on President Miguel de Madrid and top electoral offi-

cials to "respect the popular will."
He said his nonviolent national mobilization would "grow and in-tensify" in the days ahead.

According to final results issued Wednesday night by the Federal Electoral Commission, which is dominated by the ruling Institutional Revolutionary Party, Mr. Salinas won the election with 50.4 percent of the vote - a record low for the ruling party. The commis-sion's figures gave Mr. Cardenas 31.1 percent.

Talks on Taba to Resume

TEL AVIV - The United States

will initiate a new round of negotia-tions between Israel and Egypt in their dispute over the Taba Red Sea there will be no, underline, no, terbeachfront, Israeli radio reported Saturday. The talks will begin in Washington in about 10 days.

The statement, which was made is impeding emigration." Saturday and which did not say

U.S. diplomats in Moscow say the applications of about 3,400 people who were granted refugee status have been on hold since July 1, when the State Department de-cided to delay processing until Oct. 1, the start of the new U.S. fiscal

The department cited an in-crease in refugees and a shortage of

Last month, the U.S. Embassy gave permission to a record 2,063 Soviets to emigrate to the United States. It expects to issue a total of 9,500 visas for Soviet emigration to the United States in the 12 months ending Sept. 30, 1988. The delay left hundreds of pro-

spective emigrants stranded in Moscow after they had sold their homes, quit their jobs and traveled to the capital expecting to be allowed to leave. The announcement followed

sharp criticism in Washington of the State Department decision July

I to stop issuing visas.
On Friday, 23 senators sent a letter of protest to President Ron-

resettlement in the United States. ca and not the Soviet Union which

An estimated 400 prospective what the refugees would now be refugees came to Moscow since asked to pay, said processing would July 1 expecting to be allowed to leave, according to the U.S. Embas-

For would-be emigrants whose exit visas expire before Oct. I, the U.S. government will solicit funds to alleviate the cost of their trips, resettlement and medical care from the families themselves, from their relatives in the United States and from private sources, the statement

The statement did not say how much the State Department would

Soviet citizens whose exit visas will be valid after Oct. 1 will be asked to wait at home and not leave for Moscow until they are summoned by U.S. diplomats, the statement said.

A U.S. Embassy official said he told a group of 50 to 100 Armenians gathered near the embassy about the new plan. The official said that "by and large they were

Many Armenians had earlier voiced bitter disappointment at the

The delay, which affected any Soviet applying to the emhassy for refugee status, hit Armenians hard-est of all. Of the Soviets given perald Reagan, saying that the decision sent "a terrible signal to those seeking freedom all over the world, and could give the Soviets the opportunity to claim that it is Amerimission to go to the United States in the year ending Sept. 30, 1987,





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By Alan Riding

New York Times Service LIMA - Long dismissed as an for the rebels. isolated band of violent fanatics, the Shining Path guerrillas of Peru have spread out from their Andean Mountain haven and are emerging as a growing urban political force.

The movement's terrorism continues to complete the continues. ished region where it was born eight years ago, and its influence is also being felt in major universities, labor unions and lefust political

> Even more significant, Shining Path appears to be weakening Peru's new democracy and to be worsening racial and class tensions. "By any objective measure, Shining Path is more active over a larger

> used to its violence." The movement still probably has fewer than 5,000 combatants and is

cultural change resulting from the mass migration of Indians from Andean towns to Lima and other Political debate is now dominated by the question of how to deal with Shining Path while the government is on the defensive about killings and torture that have been eneralla violence and military ex-

The balance of power is changing, with a small white ruling clite increasingly challenged by a huge majority of dark-skinned Peruvians, whom Shining Path maintains it represents.

"Shining Path is both cause and effect," said General Edgardo Mercado Jarrin, a former prime minister. "It is the cause of the explosion of violence, but it is also the result of oppressed national identity, of racial hatred and servitude." Certainly, the rapid expansion of

major factor in aggravating the crisis, the movement is also now being his followers. His proverbs and maxims now cover walls across the

ized peasants into supporting its students, and in several labor

drawn.
Shining Path has now turned its Although driven by theories, however, Shining Path made its im-pact through violence. It has terror-

When the conservative govern- wage disputes and strikes.

the University of San Marcos, which is attended mainly by poor unions involved in long-running

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from the divided opposition of the European manufacturers." Mr. S.S. Toback, agent of the Hudson said: "We

Herald Tribune.

The Answers Are Urgent

ed" and demanding that the United States be condemned for it. Nobody supported this nonsense. The American spokesman, Vice President George Bush, then laid out the U.S. policy of compassion for the victims, readiness to compensate their families, openness to inquiry and movement toward settling the Iran-Iraq war, which is the larger cause of this disaster. Bowing to his country's isolation, the Iranian delea test of the Security Council's capacity to act impartially in ending the war.

With Iran, fingers must always be how the error was made that led the Vincrossed. Even before the July 3 shooting, cennes to shoot down the plane — and of however, a debate over basic policy was in progress in politically volatile Tehran. Some in the leadership, viewing the hattle losses, the deteriorating economy and the loss of international standing that a hardline policy had produced, were weighing a

more accommodating approach.

The downing of the airliner could have

downed Iranian airliner is moving along to have nudged it along with the initial constructively. Iran's delegate charged in, advantage visibly accruing to those who put alleging that this tragedy was "premeditat- strengthening Iran's international position above deepening its revolution. Everyone will be watching to see whether this tenden-cy is confirmed as the Security Council continues its deliberations on the airliner tragedy and seeks to advance its longstalled effort to win Iranian cooperation in negotiating a settlement in the war.

But one thing at a time: Iran provided at the United Nations a tape transcript indi-cating that Iran Air Flight 655, a scheduled gate at once began scaling back Iran's demands regarding the airliner and suggesting that Iran would take the dehate as a test of the Security Council's capacity to ward the Vincennes as the Pentagon has asserted. The tape sharpens the question of how responsibility should be allotted between the performance of the electronic gear on the ship and the decisions its skipper took on the basis of the information he received. The U.S. Navy is investigating and now so is the International Civil Aviation Organization. The answers are urgent.

—THE WASHINGTON POST.

Democrats in Unison?

in Chicago, the Democratic Party has been beside itself, split between liberals and con-servatives. Michael Dukakis, and a thirst for victory, seemed to reunify the party, and he furthered the cause last week by choosing Lloyd Bentsen to run with him. Briefly, it appeared that when the Democrats con-vened in Atlanta they would be more eager

to fight Repoblicans than each other. But at almost the same moment Governor Dukakis seemed to have pushed Humpty off the left side of the wall. For weeks everyone had wondered how he would deal with Jesse Jackson and his strong coalition. If not the oumber two slot, what would he give Mr. Jackson? The answer, at least ini-

tially, was nothing, not even respect.

How ably Mr. Dukakis now placates the infuriated Jackson forces will determine whether the Democrats do celebrate unaccustomed unity. That would leave them to ponder the carefully calculated choice of Lloyd Bentsen. Mr. Dukakis is at pains to liken it to John Kennedy's choice of Lyndon Johnsoo in 1960. A more recent parallel may be even more apt. Name another Washington outsider, also the Democratic governor of an Atlantic state with six million people, who chose as his running mate a Washington insider who was both a senator and a former presidential candidate.

When Jimmy Carter picked Walter Mondale in 1976, the ideological balancing worked in the other direction. Mr. Carter was seen as more conservative; Mr. Mondale as more liberal. But the balancing worked, A unified party won. Now Mr. Dukakis is seen as more liberal, Mr. Bentsen as more conservarive. The balance might work.

Except for the Carter-Mondale ticket, divisions in the party have prompted repeated

Ever since the fires of '68 blazed into riot defections. Starting in 1968, younger, better educated, anti-war Democrats began playing a decisive role in the party. Traditional Den ocrats, more likely to be blue-collar, male and Southern, looked elsewhere. First they found George Wallace, and the result was Richard Nixon's narrow 1968 victory. In 1972 one Democrat in three defected from George McGovern to re-elect Mr. Nixon. In 1980, it can be argued, the Carter-Mondale ticket no longer seemed so balanced between right and left, with Mr. Carter being seen as much more liberal. And in 1984 Mr. Mondale, trailing badly, gambled on a female running mate, a gamble that did nothing to reclaim conservative Democrats.

The choice of Senator Bentsen is plausibly likely to do so, boosting Democratic chances in Texas and reassuring the corporate and fiscal world. And he is a Southern (and Western) white male, which may appeal to many disaffected Democrats across the Sunbelt. In 1984, among all voters, President Reagan won by an 18-point margin, 59 to 41. Among Southern white men his margin was 33 points; one of every four white male

Southern Democrats defected. All this strategizing to reclaim the Demo-cratic right may be shrewd, but it leaves wide open the whole question of substance. What if, with the votes of disaffected Democrats, Governor Dukakis should win:

What would he have won a mandate for? Surely there are strong differences be-tween him and Vice President George Bush. But so far Mr. Dukakis has talked mostly about pieties like good jobs at good wages, and the Democratic platform offers mainly painstaking platitudes. In 1984 Walter Mon-dale asked, Where's the beef? The question endures as the Democrats gather in Atlanta.

—THE NEW YORK TIMES. **Helping Latin Democracy**

ezo of Guatemala survived a coup attempt, solidifying his support among the military high command. Mr. Cerezo, well into his third year in office, is within sight of a key goal: to be the first democratically elected civilian to complete a presidential term since the U.S. sponsored coup in 1954. That may seem a modest goal. But reaching

it would be an achievement. Like El Salvador, Honduras, Suriname, Brazil, Uruguay and Argentina, Guatemala is only part way to democratic governance. All have civilian leaders, but their armies retain veto power over important questions. Independent institutions remain underdeveloped; disgrantled groups still bring political wish lists to the barracks door. Washington, in its search for policies capable of fostering these tender democratic shoots, would do

well to heed the Guatemalan experience. Beyond simple survival, Mr. Cerezo has some significant accomplishments to his credit. He has improved Guatemala's abysmal image abroad. He has bravely pressed for fairer taxation and labor union rights in a society scarred by extremes of privilege.

At the same time, he has not sought to hold the military accountable for decades of human rights abuse including the uprooting of Guatemala's Indian population and tens of thousands of deaths. Nor has be

Two months ago, President Vinicio Cer- even though this seems essential to ending the cycle of unrest and repression. And he has neglected his duty under the Arias peace plan to open a dialogue with leftist guerrillas. These omissions reflect neither reticence oor cowardice. Arguments can be made over particulars, but Mr. Cerezo's overall performance reflects a realistic recognition that his power, like that of other Latin civil leaders, remains limited.

Continued democratic evolution in much of Latin America depends chiefly on two factors: subordination of the military to civilian control, and the evolution of a civilian consensus that political and economic disputes must be resolved within a strictly democratic framework. Washington can belp on both counts. The United States provides equipment and training giving it leverage with many Latin military estabishments; it can be used to tilt in favor of civilian anthority and control. Further, most Latin governments are deeply indebted to U.S. banks. Debt relief is already linked to economic reforms. Further consideration could usefully be given to re-

warding political progress as well. The Reagan administration likes to boast about Latin America's newly "democratic" states. The harder task is to help the best

among the new generation of Latin leaders to consolidate their still-fragile gains. - THE NEW YORK TIMES.

Other Comment

Reasons to Release Mandela

attempted significant land redistribution,

Nelson Mandela is 70 years old [on July 18]. Convicted of sabotage in 1964 when he was already in jail on lesser charges, he has now spent more than 25 years in prison, and appeals for his release from many world leaders have been ignored. It is very diffi-cult to understand what the South African government believes it is accomplishing by keeping him in prison. Mr. Mandela has become an icon, infinitely more powerful while silent than he would have been if be had spent the past 25 years at liberty.

This leaves aside, of course, the moral

argument. But experience has taught that there is little point in throwing morality against the battlements of Afrikanerdom.

The South African government has few friends, and may have even fewer if the American election brings Michael Dukakis to power. If it wants to maintain any worth-while links with the ontside world, it will have to show more convincing evidence of reform. The release of Nelson Mandela would be a powerful symbolic gesture which might be all that stands between South Africa and a mandatory economic sanctions resolution at the United Nations

- The Observer (London).

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International Herald Tribune, 18t Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France Tel.: (1) 46.37.93.00. Telex: Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 630698. Directeur de la publication: Walter N. Thayer.

Editor for Asia: Michael Richardson, 5 Canterbury Rd., Singapore (511. Tel.472-7768. Tlx. RS56928
Managing Dir. Asia: Malcolm Glora, 50 Goucester Road, Hang Kong. Tel. 5-8610616. Telex. 61170
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BOSTON — During a visit to the Soviet Union and China in May and June, we were struck by the wide-spread disillusionment with economic forms. The bitterness is similar but

MEN Chicago Tribune

the reasons for it are very different.
In the Soviet Union there is dismay that political changes have been ac-companied by almost no tangible economic improvements. If anything there has been deterioration, at least in living standards. In China there has been almost too much improvement. The combination of rapid growth and price reform has fueled inflation, which has had a particularly adverse effect on intellectuals and bureaucrats

and some factory workers.

With industrial output growing at the astounding rate of 17 percent a year, we expected to find the Chinese pleased with the changes of the nine years since the reforms began. Indeed, villagers and private and

By Merle Goldman and Marshall I. Goldman

knowledged that their homes were washing machines, refrigerators and television sets that almost none of them had before 1978. But now they find that because of rising prices, as much as 80 to 90 percent of their income must be spent on food.

Because development is so rapid, more bottlenecks are likely to appear, pushing prices up even faster than the current 20 percent inflation rate. Construction cranes are every-

where, in towns as well as cities. Un-like the Soviet Umion, where construction seems to drag on for years, the pace in China is frenetic. What were traditional hutongs, or alleys, but two years ago are likely to have been transformed into multi-story of-

cooperative businessmen were doing yery well. Even our city friends acstore on Goldfish Lane in Beijing has disappeared, along with the lane inself. In its place are two modernistic 20-story hotels separated by what will be a spacious boulevard. Private and cooperative restaurants, shops, vendors and repairmen have cropped up on virtually every street corner.

The stock of six companies and the bonds of many other companies and

OPINION

state and city governments are traded on the Shanghai Stock Exchange. The cootrast with Moscow could oot have been sharper. There the lines for food were as long as ever. Because of sabotage, poor storage and bad distribution, sales of pota-toes and vegetables actually fell in 1987 compared to 1986, and sales of

fruit dropped almost 25 percent in

Nazism at every opportunity. Failure to do so would be reminis cent of the silence of Pope Pius XII in the face of the Holocaust, in which much of Christian Europe participated. Furthermore, your refusal to re-cognize the only Jewish state - born from the ashes of the Holocaust sends an ominous signal to those bent on Israel's destruction.

A firm and unambiguous stand on your part, Your Holiness, would go a long way toward ending anti-Semitism as the scourge of humanity and toward peace in the Middle East.

Alfred Lipson is a research associate at the Holocaust Center and Archives There comes to the mind the at Queensborough College. Samuel Hlinka Guard, the Catholic anti-Semitic groups under Jozef Tiso, a priest this comment to The New York Times.

Holocaust: A Response to the Pope By Alfred Lipson and Samnel Lipson and wartime president of Slovakia. How can one dismiss the guilt of and Austrians, as Russians and Hunthose particularly brutal units, often

N EW YORK — During his re-cent visit to the former concen-tration camp at Mauthausen, John Paul II addressed the victims of the infamous death camp: "Speak, for you have the right to do so, you who have suffered and lost your lives, and we shall listen to your testimony."
As survivors of Manthausen, Ausch-

witz and Dachau, we respond. In 1944 our brother Moshe, aged 30, a master tanner and a gifted Austrian guards. That summer a notorious murderer, Adolf Eichmann, ordered the liquidation of the rem-nants of the Jewish community of Radom, Poland, our birthplace.

Following a forced death march that lasted four days, 3,000 men, women and children were packed into cattle cars provided by Eichmann. On arrival in Auschwitz on Aug. 6, most of the people were led into gas chambers and their bodies were later pushed into fiery furnaces. Among those to meet this horri-

ble death on that day were many members of our family, all selected by Dr. Josef Mengele, the "Angel of Death." They included our mother, Sarah, 50; our 11-year-old sister Bella, and Helen Frenkel, a close relative. (The image of them walking hand-in-hand to trucks that took them to the gas chamber haunts us to this day.) We survived to be tortured later. This, then, is

our personal testimony.

Our family was among the six million killed because they were Jews. Yet at Mauthausen and Auschwitz, at Treblinka and Sobibor, at Maidanek and Babi Yar, they are memorialized and referred to as Poles

garians, as Germans and Ukrainians.
Your Holiness, hours after cordially greeting President Kurt Waldheun and giving him holy communion, you could not find it in your heart to mention the Jews as the principal victims of Mr. Waldheim's generation. Why? By failing to do so, you seem to have embraced the long-established policy in Eastern Europe of robbing the Jewish victims of the Holocalist of their Jewisi At Mauthausen, Your Holiness

asked a rhetorical question: "Do we not delete from our memories and from our consciousness the traces of past misdeeds?" The answer is obvious. Mr. Waldheim is a prime example of deleting "past misdeeds" from memory. So is the Austrian nation, which clings to the myth of being "the first victim" of Nazi Germany. Doesn't your silence on the Jewish victims help to delete the memory of our brother Moshe, one of the 60,000

Jews murdered in Mauthausen? Your Holiness, during your visit you stated, "It would be onjust and not truthful to charge Christianity with these unspeakable crimes." But weren't the perpetrators and their helpers faithful Christians? What about the Arrow Cross, the rabidly anti-Semitic Nazi units in Hungary, or the Romanian Iron Guard killers the murderous Croatian Ustashis, the Ukrainian and Latvian SS units that functioned as Jewish executioners? They were all Christians, but had never been restrained in their

work" by church officials.

dominated by church leaders? Simi-larly, how should one characterize the Catholics of Austria who contributed more than their share to the Nazi hierarchy and the SS killing units?

After Germany's collapse, many war criminals and murderers of the Jewish people were aided in their flight from justice and punishment by the Vatican and groups associated with it. In South America some church leaders. They prospered in Christian communities sympathetic to their anti-Semitic ideology.

Your Holiness, you ask us, the victims, "Tell us which direction Europe and mankind should take 'after Auschwitz, 'after Mauthausen'?" To begin with, as head of millions of Christians you could, henceforth, exert your moral authority to strong-ly condemn anti-Semitism and oco-

American Voters Are Feeling Serious

WASHINGTON — Tall and thin, with hair silver-gray like the patina of old family flatware, and benefiting from the best tailor in American politics, Lloyd Bentsen looks more than ever like a pewter statue of Bourgeois Virtue. But to George Bush, Mr. Bentsen looks like

a problem he counted on not having.

Mr. Bush's campaign has at most a
one-track mind. Its idea has been to portray Michael Dukakis as a high-tax, anti-defense, criminal-coddling liberal. Now he has wrapped himself in the gray worsted of Mr. Bentsen's in the gray worsted of Mr. Bentsen's business conservatism. Anyway, the Bush plan was not working. In the two months he has spent pointing at Mr. Dukakis and exclaiming "Eeeeek! A liberal!" the percentage of Americans identifying Mr. Dukakis as a liberal

has risen from 27 to 28. For the fifth time since 1932, a Texan will be on the Democratic ticket. Counting Mr. Bush's three times. Texans will have been on eight national tickets in the last 15 elections. In 1984. Walter Mondale reportedly had polls showing that Mr. Bentsen would not help much with the Herculean task of carrying Texas against Ronald Rea-gan. However, that indicated less about Mr. Bentsen than about how beyond help Mr. Mondale was.

If the Democrats' bilingual ticket

(both men are fluent in Spanish; it remains to be seen if one of the Repub-

licans will be fluent in English) carries

Texas, it may also carry two other hard-

hit states in the oil patch — Oklahoma and Louisiana. The three states have 47

By George F. Will

electoral votes, the same as California. Whether or not Mr. Bentsen brings Texas to Mr. Dukakis, he will force Mr. Bush to expend on Texas precious resources of time and money that he will need to climb out of the hole he is in in California, which suddenly seems as crucial to Mr. Bush as it has seemed all along to Mr. Dukakis. The choice of Mr. Bentsen may turn Mr. Bush toward California's Governor George Denkmejian, or to Peter Ueberroth.

Conservatives pretending to be scandalized by the ideological differ-ences between Mr. Dukakis and Mr. Bentsen should be required to write on the blackboard I00 times "Reagan-Schweiker." (You don't remember? Mr. Reagan named Pennsylvania's liberal senator, Richard Schweiker, as running mate on the eve of the 1976 convention in an attempt to de-

rail the nomination of Gerald Ford.) Besides, those differences signify that Mr. Dukakis has seen the cliff he does not want to walk off. In 1968 (Humphrey-Muskie). 1972 (McGovern-Eagleton, then McGovern-Shriver) and 1984 (Mondale-Ferraro), the Democrats nominated political puree: perfectly homogenized tickets, liberal top and bottom. Those tickets got 43, 38 and 41 percent, respectively.

Because Mr. Bentsen is 67, liberals

thought that be is unlikely to become

caricature of him, and may themselves subscribe to a kind of caricature liberalism of the early-1970s sort.

diversities. Two of its three largest cities have female mayors — Kathy Whitmire in Houston and Annette Strauss, who is Jewish, in Dallas, San Antonio has a Hispanic, Henry Cisneros. Mr. Bentsen has carried this com-plex state three times, winning 53, 57 and 59 percent of the vote — rather more than can be found in boardrooms. large assist from rural Baptists, mostly Democrats who turned out to vote in a referendum on selling liquor by the drink. Io his next two races, Mr.

Beatsen won 60 percent of the rural vote. Mr. Mondale got 34 percent. The sound which is echoing through political circles in the aftermath of the selection of Mr. Bentsen is the solid smack of seriousness. If it provokes Jesse Jackson to disruptive megalomania in Atlanta, that may serve Mr. Dukakis by underscoring his determination to do what is necescan console themselves with the sary. Voters like that. They are looka presidential candidate. But liberals who worry about him are accepting a

It has been said that politicians should have their ears full of grasshoppers, a result of keeping their ears close to the ground. It will be said that the only ground Mr. Bentsen's ears have been near is too well manicured to admit grasshoppers —a putting green at the Greenbrier or wherever else the Business Roundtable goes to earth for its confabulations. Do not believe it. Texas is a tossed salad of American

In 1970 he beat Mr. Bush with a

ing for seriousness. Washington Post Writers Group.

The Socialist Model Is Proving Hard to Reform the first three months of 1988. As a result of the anti-alcohol campaign, moonshiners have grahbed sugar from the shelves. This has led to sugar rationing in many areas and song times lot sugar and candy, had as things were under Loonid Brezh-

PELICAN BUT WE

CAN'T CONFIRM SIR.

THAT'S RIGHT, SAILOR, OPEN THE PORTHOLE

AND TAKE A PEEK.

nev, at least there was sugar. The debate at the party conference has indicated a quickening of the discussion on political reform, but there was little to indicate a quickening of the pace of economic reform. The reformers we spoke to eavy China its growth and bemoan the lack of results in their own country.

They notice in particular the tradi-

tional Soviet penchant for emphasiz-ing large-scale industry and agriculthre and downplaying small-scale efforts. It is the small-scale enterprises, especially in the countryside, that have been the source of much of China's growth. They account for one-third of China's industrial out-put. Nonagricultural output in the countryside, which used to be negligi-

Because the prices at most of the new private and cooperative ventures are high, they are out of reach of all but a few Soviet citizens. In China, the cooperative restaurants we visited were filled with Chinese, in Moscow we saw almost oo Soviet customers. A Russian cab driver complained: "The owners are the new NEP-men. I will never be able to afford such prices."

The discontent in the Soviet Union reflects the failure to improve consumer well-being and a concern that prices are beginning to increase. Chinese urban residents share a similar concern about inflation, and one inflation gets out of hand there might be another revolotion. Yet as discomforting as Chinese inflation may be, Deng Xiaoping at least can take so-lace in knowing that the economy has improved radically and that price re-

form is already under way.

By contrast, not only has there been little improvement in the Soviet standard of living in the last three years, but even without price reform the people are beginning to feel the effects of inflation. Several speakers at the party conference, including Mikhail Gorbachev, acknowledged the urgency of the situation.

If be is to have the support of the people, Mr. Gorbachev must show that perestroika can put more goods on the kitchen table. That is why he emphasized the need to increase the number of family-farm-type operations. But, as a Soviet peasant explained in The Moscow News, because of "the unpleasant memory of collectivization and bow many farmstead owners were deported to Siberia," few farmers are taking up the offer. These peasants' memories, along with those of private businessmen, help explain why there has been so little real economic restructuring.

By all standards the Chinese have

gone further faster in restructuring, but the fact that even they are encountering widespread disillusionment in-dicates how difficult is the process of economic reform in a society built on the socialist model.

Merle Goldman is professor of Chi. Merie Cotaman is projessor of Chi-nese history at Boston University. Mar-shall I. Goldman is professor of econom-ics at Wellesley College and associate director of the Russian Research Center at Harvard. They contributed this com-ment to The New York Times.

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TLANTA - Short of some star-A thing event, the prospects are that foreign policy will not be a significant issue in the American campaign. Ma-jor governments, the Soviet Union as well as allies, are unusually relaxed as they anticipate a new U.S. administrathey and apare a new U.S. administra-tion. Despite Republican emphasis on Michael Dukakis's lack of foreign pol-icy experience, the impression is that main policy lines have been set and will not change drastically whoever wins It is almost as if a new administration tion started after the 1986 elections, setting the course for several years. Ronald Reagan switched from Commie-bashing to active search for negotiated agreements with Moscow on a long list of issues; NATO has broad support; and attempts continue to re-lieve rather than inflame regional hot spots. There have already been changes of many top policy makers, achieving a certain consensus likely to commune even with a new set of people.

Nonetheless, the wind-down period

until the next inauguration is, as usual stalling normal movement. Decisions are pilmg up that will have to be made not communate and the conference of the conferen early next year, at risk otherwise of early next year, at risk otherwise of determining policy by default.

It is mlikely that a dramatic break through will permit signature of a new Soviet-U.S. treaty sharply cutting strategic weapons, or that there can more than the opening of talks on reducing conventional arms in Earope, during Ronald Reagan's remaining months in office. But the critical wars will be more dearly identified and the new president will need to make up his mind quickly to preserve

momentum. Opportunities can be lost if he wants to start from scratch. One pressing decision will be on new short-range nuclear weapons in Ensnort-range michail weapons in En-rope, particularly to replace the aging Lance missile (range: 115 kilometers or 71.4 miles), which will be obsolete in three or four years. By mid-1989, West Germany will be gearing up for elec-tions in 1990. Then Bonn is almost sure to back away from an issue that sparks sharp controversy, both within the country and among allies. NATO has formally agreed that there must be real progress on conventional cuts before reducing short-range arsenals, but Bonn is in a hurry for both.

Washington will need to reach an early conclusion on its attitude to the United Nations The Soviete have done an about-face, favoring more direct UN involvement in a number of disputes and the creation of more UN forces. It is not clear yet whether some kind of outside peacekeepers will be needed in Afghanistan. There is some movement in the arguments over Angola and Namibia, and over Cambo-dia, which could soon reach the point for a UN force to make the difference. The Iran-Iran war has entered a new stage and a chance for settlement may be approaching, with UN help, which would doubtless involve a decision on

U.S. presence in the Gulf. With Israeli elections coming in Nocan do about that conflict in the mean time. But then, any chance of progress will require immediate Washington involvement with a set of policy priorities. Middle East policy is becoming all the more urgent because of the grave threats of escalating weapons conditions in the arms of the grave threats of the grave th sophistication in the area and competition for that huge arms market.

The United States and the Soviet
Union agreed at the Moscow summit

to talk about the dangers of spreading missile technology. This will have to be started scriously, with other major arms suppliers, including China, in the near future if there is not to be a breakout that could lead Israel to think openly in nuclear terms. Negotiations in Central America have broken down again, not only among Nicaraguans but in the effort for a regional settlement. If left to

to accommodate Mexico's position as a result of its contested election. lssues are coming up on trade, technology transfer, credits and debt, with the East and the Third World as well as among industrialized states, which will not call for any big switch in position but also will not sit still for a

fester, hostilities are likely to increase

throughout the area. It may be harder

cisurely start with the oext team. While they work on their immediate priority of trying to win, the candidates would do well to get people they are likely to use in a new administration focusing on imminent decisions with-out waiting for the election. It would ease America's relations with partners in the world who never stop calling for continuity and fretting about impre-dictability. It could help American voters, too, to see what kind of people each candidate will sweep into office and how they approach decisions.

The New York Times.

despite any measures which foreign manufacturers may take. Mr. R.H.

Johnston, manager of the White Company, said: "As I understand the

situation, the European manufactur-

ers simply discussed the American invasion and decided that there was

nothing they could do to check it I do not think we have much to fear

100, 75 AND 50 YEARS AGO

1888: Anarchist Bombs

NEW YORK -The police of Chica-NEW YORK — The pouce of Chicago to-day [July 17] made a raid upoo a suspected house, and discovered twelve dynamite bornbs. Three were arrested. Police-Inspector Bonfield arrested. Foundation is connected states that this discovery is connected with a conspiracy of long standing against Judge Gary, Indge Grinnell and himself, which was on the very point of being put into executioo for their action in the Anarchist trials. The chief prisoner is an Anarchist who took a prominent part in the recent bomb schemes. It is said that twenty determined men were to have destroyed to-night the bouses of persons prominent in the prosecutions of the Anarchists who were executed for throwing bombs among the police.

1913: U.S. Autos Lead NEW YORK — Automobile dealers

in New York declare unanimously that American machines will continue to find a ready sale in Europe,

can send a good automobile across the Ocean, pay the duty on it, and sell it to foreigners for nearly 50 per cent less than the French machines sell for 1938: Republicans Flee FRANCO-SPANISH FRONTIER — Twenty-thousand Republicans were in full flight today [July 17] from the punctured Mora de Rubielos pocket, as General Franco's pincers rightened.

The salient, which for six weeks held back the Franco armies in their march on Valencia, was wiped off the battle. maps inside of twenty-four hours.

A TLANTA—Short of some a charge policy will not be a special policy will not be a special some account of the proportion of the charge policy will not be a special policy will not be a special so that a sallies, are manufally about the charge attrictionale a new U.S. about the manufacture. Datakas is lack of format and policy lines have been a new charge drastically whose the charge drastically altered after the 1986 done and a special account of the course for second recommendation of the course for second recommendation of the course for second recommendation of the charge of issues; NAIO is a support, and attempts contain them unlant manufacture than them unlant account of the charge of them than unlant account of the charge of them. is of issues, NATO in a support, and attempts outside the rather than inflame specific their than inflame specific their than inflame specific to policy makers after the policy makers after a feet to prove their actions of their their transfer of policy makers after a feet to prove their transfer of Seminary Description (1921) Selection of the control of the contro

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By Jackson Diehl Washington Post Service

WARSAW - Leaders of the Soviet-led Warsaw Pact have called for multinational talks this year on the reduction of conventional arms in Europe and separate oegotiations on the elimination of shortrange nuclear weapons from the

Concluding a two-day summit conference on Saturday in Warsaw, the seven-nation alliance also formally endorsed a platform of pro-posals on conventional arms reducon that the Soviet leader, Mikhail S. Gorbachev, presented to President Ronald Reagan at their meeting in Moscow in May.

The East bloc leaders stopped short, however, of formalizing sev-eral mutual security proposals made by Mr. Gorbachev earlier last week and of declaring a withdrawal of Soviet troops from Hungary, as had been expected by U.S. off-

Three communiques emerged from the conference, but none mentioned Mr. Gorbachev's sugestion for a pan-European conference on conventional arms reductions, or his offer to cut Soviet aircraft deployed in Eastern Europe if the North Atlantic Treaty Organization canceled its planned redeployment of 72 U.S. F-16 fighter planes from Spain to Italy.

Polish officials said the idea of a withdrawal of 65,000 Soviet troops from Hungary, which had been publicly supported in recent statements by senior Hungarian officials, was not even discussed at the session, although there was a gener- elaborated in detail first," be said. tween the conventional forces of inspections.

(Continued from Page 1)

mony just made public that "we are

but his view is not universal within

the military, far less in Congress.

One of the next president's early

decisions will involve which mili-

When the frigate Stark was hit, General Crist told the subcommit-

When the reflagged Knwaiti su-

tary advice to heed.



Nicolae Ceansescu, the Romanian leader, left, toasting Karoly Grosz, the Hungarian leader, at the Warsaw Pact meeting in Warsaw. In background at right is Erich Honecker, the East German leader.

ing differences among East bloc

leaders on both domestic and for-

al discussion about eventual reduc-Pact troops.

A Polish Foreign Ministry offi-cial, Jerzy Nowak, said that for now the Warsaw Pact's position was that any withdrawal of Soviet arms control proposals, is also entroops from Eastern Europe would gaged in an open feud with Hungabe carried out only as part of an agreement under which NATO would also make reductions of ruled Transylvania. arms. "It has to be negotiated," be

bloc leaders bad agreed to move

"I don't think anyone in the

The lack of oew initiatives by the East and West so that both have

strengthen speculation about grow- troops and arms. The second step is for a reduction by NATO and the Warsaw eign policy. Romania, which has seemed lukewarm about Soviet about 500,000 men each. Simulta-Pact of 25 percent of their forces, or neously, the two sides would create "low-armament zones" along their ry over treatment of the Hungarian froot lines to reduce the possibility minority population in Romanian- of surprise attack.

The pact proposal also calls for the exchange of detailed informa-The plan for cooventional arms Mr. Nowak also said the East calls for talks involving NATO, the oow deployed by each side even Warsaw Pact and other European before talks begin. This informaforward on Mr. Gorbachev's most countries. It says the first step tion, it says is occided for agree-recent arms proposals but had not shoold be the elimination of ment on the elimination of imbalyet adopted them. "They need to be "asymmetries," or imbalances, be- ancès and could be checked by site

ESCORT: In the Gulf, the U.S. Navy Faces an Open-Ended Commitment an explosion. Four hours after the blast, an-

> The sources said that the police, searching Mr. Jaballah's botel room, found traces of the plastic explosives that went off in a car parked at the ship's home marina.

Police have not ruled out the possibility that Mr. Jaballah was one of those in the car, but are working on the assumption he is alive. The car rented by Mr. Jaballah was not the one in the explosion, the sources said.

Paris-Athens SOVIET: Moscow, in Thaw, Expanding Tokyo Ties

benefits would derive from it. Two weeks ago for instance, offi-Amid a Feud

searchers. The symposium begins bere this week.

The question will also be raised among guerrilias who stracked a in meetings between visiting Soviet Communist Party officials and rep-Laurent Vigneron, 23, one of nine persons killed in the assault July II on the Greek ship City of resentatives of the Japan Socialist Party, according to Japanese politi-Poros, has been officially identified

by Greece as one of the gunmen. Although both of these channels France has said it has seen oothare non-governmental, they repre-sent the first occasions when Soviet ing to substantiate the charge. It is the second time that Greece has representatives have acknowledged accused a French national of in-Japan's claims as at least a legitivolvement in the attack. mate point for debate.

Soviet Union.

global issue.

General Assembly this fall, when

the Soviet and Japanese foreign

ministers, Eduard A. Shevardnadze

and Sousuke Uno, are to hold pri-

The talks between Foreign Min-Mr. Gorbachev has used similar isters Roland Dumas of France contacts in recent months. Over the weekend, it was disclosed that he is and Karolos Papoulias of Greece had been planned before the atto meet with a former prime ministack. On Saturday, Mr. Dumas ter, Yasuhiro Nakasone, later this played down the dispute. week. Although Mr. Nakasone will visit Moscow in a private capacity, We must take into account the

inherent difficulties of the inquiry," he said in a French radio inter-view. "It is a very delicate investi-

Talks Begin

ATHENS - The French foreign minister arrived here Sonday for

talks with his Greek counterpart

amid attempts to defuse a diplomanic dispute over Greek accusa-

tions that a young Frenchman was

tourist ship.

Obviously there have been fresh contradictions," be added. "I expect to get to know more in order to form an opinion.

A Greek government spokesman said Yannis Kapsis, the deputy fortions in the oumber of Warsaw Warsaw Pact meeting could approximately the same strength in ments at a meeting Saturday with Ambassador François Plaisant of

France. He gave no details. A French Embassy spokesman said oothing new had emerged at

the meeting. The terrorists' motive and the identity of their group have oot been established.

Greek authorities initially had said another French victim, Isabelle Bismuth, 21, was among the guerrillas. It is now accepted that she was an innocent tourist

ed the attack. The man, identified as Hetzab Jaballah, disappeared after renting a car Monday, hours before two persons believed members of the guerrilla group died in

other team launched the attack on

(Continued from Page 1) concrete benefits from his Vladi-Japan should be shaped and what difficult challenges is the rebuild-

ing of military and bureaucratic cials of the National Committee for Asia-Pacific Economic Corporation, which is part of the Soviet

Academy of Sciences, said they can with blue smoke and mirrors," would be willing to discuss the status of the northern islands at a ington consultant and author of a symposiom with Japanese re- new study of Soviet policy in Asia.

> Apart from continuing the process of rapprochement with China, the Kremlin's highest foreign-policy priority now seems to be improving relations with Japan.

be is being accompanied by the Foreign Ministry's specialist on the "If the Soviets are going to succeed in the Pacific, they have to start making concessions that reduce the Soviet threat and the Asian percep-Attention is also being focused on the annual session of the UN tion of it."

What is beginning to emerge. Mr. Manning and other analysts said, is a two-track approach to Japan, in which official policy re-mains unaltered while potential vate talks in preparation for a visit points of agreement are sought beneath the surface.

to Tokyo by Mr. Shevardnadze.

Moscow's oew interest in unblocking ties with Japan coincides Government officials cootinue with increasing international recrile Islands is simply not an issue. ognitioo of the northern islands as Soviet poblications have been high-President Ronald Reagan raised ly critical of Prime Minister Nothe sovereignty question in his summit talks with Mr. Gorbachev, boru Takeshita since the Toronto meeting, stressing that there is little chance of change in relations beand it was discussed at the gathering of Western leaders in Toronto

tween the two oations. At the same time, Moscow ap-

concrete benefits from his Vladi-vostok initiative. Among his most along the Sea of Okhotsk, shielded by the Kurile chain.

Most potential solutions involve the return of two smaller islands and assurances that the two others

would be either oegotiated with Tokyo or demilitarized. In outline, this is a modification

of proposals advanced in 1956 but repudiated several years later by Andrei A. Gromyko, then the for-

eign minister.

Analysts say they believe that the present Soviet leadership can now consider such proposals, in part because of a gradual decline in the military significance of the Kuriles.

Steady progress in Chinese-Soviet relations, they add, is also lessening Moscow's need to maintain the military presence it built up in Asia in the 1960s and 1970s.

"These steps wouldn't cost much at this point," Mr. Manning said, and they would help transform Japanese public opinion Like the Soviets, the Japanese

have not altered their position on the Kuriles since the late 1950s. But although demanding recognition of Japanese sovereignty over all four islands, officials say pri-

vately that Tokyo is prepared bring a substantially more flexible approach to negotiations.

Officials in Tokyo are more willing to acknowledge that the territo-

rial issue is largely a matter of political symbolism, through which they want Moscow to demonstrate its acceptance of the political and ecocomic promioeoce Japan has achieved in recent years. In effect, each side is now critical

to stress that the status of the Ku- of the other for having missed opportunities that most advanced Western oations bave taken advantage of.

"Perestroika will come to Asia," said a Japanese official who used the Russian term for Mr. Gorbachev's policy of "restructuring."
"But Mr. Gorbachev must first lo addition. Mr. Gorbachev is pears to be seeking a way to return move his country beyond the old seen as increasingly eager to derive the islands to Japan without jeop-perceptions of Japan."

Meanwhile, police sources said Sunday that police were bunting a man who they believe mastermind-man who they believe mastermind-

(Continued from Page 1)

cited such visits as important demonstrations of Moscow's support for Fidel Castro, the Cuban leader. There were also fewer flights to Cuba and Angola of Bear naval reconnaissance aircraft than in pre-

And the director of naval intellisence, Rear Admiral William O. Studeman, has told Congress that last year the Soviets conducted naval operations "close to the Soviet mainland - a departure from pre-1986 exercises."

Those earlier exercises have been particular concern to American military planners.

In 1984, for example, the Soviet Gulf and maintains a small number

its largest exercise ever. The exer- gola. cise involved more than 140 surface ships, more than 40 submarines, and involved simulated attacks by Soviet navy and air force bombers on targets well out into the Atlantic," according to the 1985 U.S. Navy report.

Despite changes, U.S. Navy officials assert that there has been no obvious change in Soviet shipbuilding plans, which were well under way when Mikhail S. Gorbachev became Communist Party general secretary in 1985.

And the Soviet Navy continues to conduct escort operations in the

Union's Western Fleet conducted Of ships off West Africa, near An-

Admiral Studeman, who is leav-

ing his naval intelligence post to bead the National Security Agency, the communications intelligence service, has cited budget pressures as well as increased emphasis by Soviet planners on improving the navy's capability to conduct operations close to home.

The Norwegian defense minister, Johan Jorgen Holst, has said that the changes in Soviet naval deployments could stem from budget pressures, "a basic reassessment of strategic needs" or reconsideration of the political value of keeping naval units deployed throughout

Herald Eribune In September

The eyes of the world will be on the Seoul Olympics. And they'll read about the Games in the International Herald Tribune.

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Arab world thought we would stay the course," he said. "I think they already reduced our commitments wanted us to, but I don't think they were completely convinced we in the Gulf when the Russians do would do so. As a result, we are the

really a big thing, but it became a hauls; taken a carrier out of the big thing to the United States." Med [Mediterranean] when we're

big winners now in the Gulf." mine sweepers? But another military leader said, Experience in the Gulf in the last tee, "They expected us to leave the "I'm getting tired of wearing out our navy to protect other nations' pertanker Bridgeton hit a mine on July 24, 1987, he said, "It was not ed. "We're already hurting," he add-ed. "We're already hurting," he add-

General Crist said he found that combat hit-and-run attacks oo tankers by gunboats operated by Iran's Revolutionary Guards.

General Crist told the subcombat hit and their effort can be sustained."

"A lot of these lessons are hitting home," General Crist said of U.S.

found to my surprise that we were

Med [Mediterranean] when we're attack belicopters, made to kill supposed to have two there under tanks" to combat the small craft our NATO commitments. We've zipping around the Gulf, he said. The navy tried to base them on elsewhere to do the Gulf mission. navy frigates, but "we hadn't de-How come we have to keep 30 ships signed the ships for that," be said. The main alternative, which was

their escorting with a couple of not described in the declassified version of General Crist's secret year has demonstrated that U.S. big floating platforms in the Gulf forces have gaps in fighting little, or "low intensity," conflicts as distinguished from big, "high intensity" inch rockets could use as a fifth wars.

caught flat-footed when it came to the navy had high-tech Aegis cruis- mine sweepers to clear the channels ers, like the Vincennes, to keep Iran had mined. But the old woodtrack of such high-intensity threats en-bulled sweepers that were de as Iran's anti-ship missiles and F-4
as Iran's anti-ship missiles and F-4
and F-14 fighter planes, but not the
high-speed patrol boats occided to
combat hit-and-run attacks oo

as Iran's anti-ship missiles and F-4
ployed to the region after mines
blew up several ships "are performing beautifully," General Crist
said. "They are finding the mines.

mittee that when he took over com-mand of U.S. forces in the Gulf, "I "People are beginning to realize found to my surprise that we were that we need to look more closely at deficient" in planes and helicopters that could find small boats in the dark and swoop down and sink not necessarily just in Latin Ameri-

GERMAN: Holiday in Slow Lane

The Stau is mainly an autobahn phenomenon, and it is partly struc-

Lawyers Hail 11 Held by Cairo in Killing of Israelis

CAIRO — A lawyer defending members of an underground group reportedly responsible for killing Israelis in Cairo has told a court that the accused were heroes.

At a hearing on Saturday for 11 persons accused of being members of the clandestine group, Egypt's Revolution, another defense lawyer described the killing of Israeli agents as legal because Israel was a hostile oation. hostile oation.

"These men are heroes," said one of the lawyers, Ahmed Khawaja, at the hearing on an appeal for the defendants to be freed pending trial. They are the sons of Egypt. They have raised guns against Israeli agents, against those who at-tack the Arabs, in order to defend our dignity and honour."

The 11 defendants are among 20 people accused of being members of the organization, which took responsibility for wounding an Israeli diplomat in 1984, killing another in 1985 and killing an employee of the Israeli Embassy in March 1986. The group also took responsibility for the wounding of two U.S. embassy security officers in May 1987. Seven of the 20 face prison sentences and were released on bail

tried in their absence.

bles. We simply couldn't afford to tem is statistically West Germany's build enough highways to handle safest highway, said Bernd Bial-that kind of traffic, it wouldn't be

The ministry says it believes that the traffic jams are unavoidable.

The Stau is mainly an arrest. Yugoslavia on the first Saturday of a school boliday, there will be buge

phenomenon, and it is partly struc-tural in nature. The autobahn sim-ply cannot accommodate the vol-ume of cars pouring down from the north when schools and factories close for summer vacation.

"In a normal 24-bour period, about 60,000 or 70,000 cars travel on the Munich-Salzhurz auto-to the Munich-Salzhurz auto-summer vacation."

"In a normal 24-bour period, about 60,000 or 70,000 cars travel about 60,000 or 70,000 cars traver oo the Munich-Salzburg autobahn," Mr. Metzger said. "On school holiday weekends, that dousalted balance and says, that dousalted balance and says, "But maybe I won't."

The police and automobile clubs put out endless advisories warning drivers where and bow long the backups are, and suggesting alternative routes. Vacationers are urged to postpone their trip by a day or two. Almost no one listens.

The police and motor clubs try to control the situation once a backup has brought traffic to a crawl or a standstill. To relieve drivers' tensions, the radio broadcasts reports explaining what has caused the Stau and how long it will last. The Bavarian police deploys

nearly 10,000 officers oo what it

expects will be the worst weekends.

In helicopters, cars and motorcy-

cles, they try to keep traffic moving and drivers' tempers under cootrol. The Allgemeiner Deutscher Au-tomobil-Club also has a squadron of about 60 Stauberaters, or traffic advisers, who circulate through the lines of cars on motorcycles, wearing bright yellow leathers. They tell drivers what the outlook is, offer toys and games to restless children and belp with minor repairs. The Stanberaters, many of whom are women, are known as the "yellow

angels" to motorists. Many families relieve their tensions in a more traditional German way. They spread blankets on the roofs of their cars or repair to a roadside meadow, open the picnic basket and have a beer.

"I don't know who first said it,"
Mr. Metzger said, "but the traffic jam experience has become part of the German vacation tradition. If last month. Two others are being you don't sit in a Stau for a few hours, it just wasn't a holiday."

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former Chancellor of the Federal Republic of Germany

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Herald-Be Cribine.

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test, but market rumors had the lo

proback in year 15 "

Bush and 11 percent undecided. Dukakis led in California, New Because the poll was taken be-

viewed. In the second poll, 17 per-

Texas respondents were reintercent of those who originally said Mr. Jackson said that the Demo-crats would end up with a unified to the Democrat's side.

"That," he said, "is in the best an effort to defuse tension between Mr. Dukakis holds an 11-point and scheduled further discussions.

THE DEMOCRATS IN ATLANTA: They lean to liberalism, but that may have little impact on the convention or on their public image.

Poll Finds Democratic Delegates to Left of Voters

By Andrew Rosenthal
New York Times Service

ATLANTA - Delegates to the Democratic National Cooventico are more liberal and wealthier than the Democratic voters who sent them to Atlanta and the U.S. public in general, a New York Times survey shows. The delegates display enthusiastic support

for positions such as combating drugs and controlling imports that the Reverend Jesse L. Jackson pushed long before they were championed by Michael S. Dukakis, the party's prospective presidential comince. And they want to cut military spending, a position closer to Mr. Jackson's than to Mr.

Because Mr. Dukakis has more than resort." enough delegates to assure himself the oomination and control the party's platform, the lean toward liberalism on the part of many delegates may have little impact on the convention or the image that the party attempts to present to the public in the campaign.

In a year in which the Democratic Party is trying to woo back the voters who defected to Ronald Reagan in large oumbers in 1980 and 1984, the delegates this year are more inclined than their predecessors to resist labeling themselves as liberals, despite the atti-

Sixty-five percent of the delegates said the gates hy virtue of their elective offices or party's platform should oot talk about the party posts. The margin of sampling error for

2200 GMT and 0400 GMT.

Jesse L. Jackson speaks.

Mr. Jackson also is nominated.

The vice presidential nominee speaks.

The presidential cominee speaks.

The convention adjourns.

Jimmy Carter

Labels Bush

Schedule of Main Events

Compiled by Our Staff From Dispatches ATLANTA - Following is a list of the main events scheduled this week at the Democratic National Convention. Each evening's agenda is set to take place between 5 P.M. and 11 P.M. Atlanta time, or

MONDAY

2330 GMT: Conventioo opens under the chairmanship of Representative Jim Wright of Texas, speaker of the U.S. House of

0125 GMT: Welcoming speech by Mayor Andrew Young of

0225 GMT: Ann Richards, the Texas state treasurer, gives the

TUESDAY

WEDNESDAY

Governor Michael S. Dukakis of Massachusetts is nominated for

THURSDAY

Nominations and roll-call votes are held for the vice presidential

2345 GMT: Reports of Rules and Credentials Committees.

0310 GMT: Remarks by Paul G. Kirk Jr., party chairman 0330 GMT: Former President Jimmy Carter speaks.

Consideration of party platform.
Senator Edward M. Kennedy of Massachusetts speaks.

A roll-call vote is held for the presidential comination.

platform have insisted.

Sixteen years after the 1972 convencion Still, just about as many, 67 percent, said they thought a tax increase would be neces- all-white male club, the poll found some sary in the oext four years. Mr. Dukakis, who consistencies — roughly half the delegates was one of the 1,059 delegates in the sample, are men and half are women — and some

The days when the convention was a nearly all-white male club are gone — roughly half the delegates at Atlanta are women, and 21 percent are black.

has said taxes could be raised as a "last

Even if the delegates seem to support some of Mr. Jackson's themes, the Dukakis campaign is confident that it has enough votes to keep the party platform general and thematic. Mr. Jackson still has only about 25 percent of the delegates to promote the specific, predominantly liberal planks that he wants in the platform.

To conduct the survey, The New York Times interviewed 1,059 of 4,203 delegates (who will cast both total and partial votes adding up to 4,162) from June 20 m July 12, including 320 of 672 delegates who were not tudes they showed in the survey. including 320 of 672 delegates who were not one example of this is their view on taxes.

striking disparities from the general popula-

For example, 6 percent of the delegates are Jewish, while only about 3 percent of the population and of registered Democrats nationally are Jewish. Twenty-one percent of those surveyed were black. Recent national New York Times surveys found that 21 per-cent of registered Democrats are black, but only 11 percent of the general public is black.

But, continuing a long-established pat-tern, at least 77 percent of the Democratic delegates are white-collar workers, and only 3 percent are hipe-collar workers. Union members, especially teachers and government workers, make up 23 percent of the delegates, and union officials 6 percent, the

possibility of tax increases, just as Mr. Duka-kis's representatives to those drafting the percentage points.

The delegates make considerably more money than average Americans; 56 percent money than average Americans; 56 percent of them said their family incomes last year pressed to diversify what had been a oearly were \$50,000 or higher, and 16 percent earned over \$100,000.

Among Americans surveyed in the recent rational polls, 78 percent said they earned under \$50,000 and 64 percent said they had a high school degree or less.

The way the regular elected delegates describe themselves has significantly changed since 1984. Only 40 percent of them said they were liberals; in 1984, 52 percent called themselves liberals.

According to the recent surveys, 27 percent of Democratic voters and only 20 percent of the general public said they were

The Democratic delegates also disagree with the general public on military spending. Sixty-three percent said they favored a cut in spending - a stand that is rejected in the party's thematic draft platform - while 29 percent said it should stay the same.

Among Americans in general, 49 percent said military spending should stay the same; 17 percent favored more spending, and 28 percent said they favored cuts.

Bush Has Picked a Strange Time, Some Say, to Do the 'Fishing Thing'

By Gerald M. Boyd

WASHINGTON — Sometimes presidential candidates just cannot

For weeks, Vice President George Bush has been pondering what to do when the Democratic National Coovention convenes in Atlanta oo Monday. That has always been a concern for the party that suddenly finds public attention directed to the opposition at

Some advisers to the vice president have argued that etiquette dic-tated a low-key approach. But to others, this week looked like a golden opportunity for easy publicity, since news organizations would be seeking to balance the flood of stories about the Democrats with almost anything about Mr. Bush or his Republican Party.

Mr. Bush spoiled any hope of this when he decided to vacation in a remote national park area in Wy-

eas, and the press will oot be able to follow. The only scheduled guest is Treasury Secretary James A. Baker 3d, though some aides predict that Senator Alan K. Simpson, Repub-lican of Wyoming, might turn up.

The ootion that the vice president, whose known outdoor activities run more to speedboating and tennis than to backpacking or flycasting, is, as one aide said with deadpan expression recently, "Go-ing fishing," has been hard to sell.

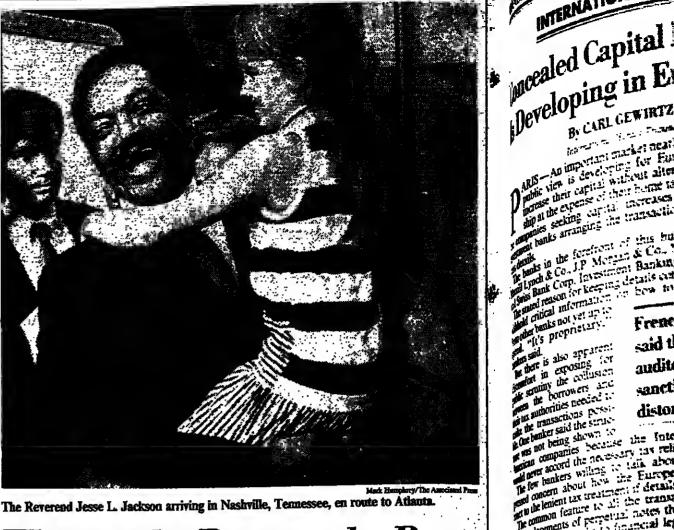
On Thursday, Mr. Bush's chief-of staff, Craig L. Fuller, became defensive when reporters asked him about the plan, insisting that Mr. Bush deserved a vacation. To some aides, the timing of the

missed opportunity to get on television. Their view is that the last few weeks have been good for Mr. Bush, who has been climbing in the

Another habit, almost an addiotion, has been his use of the word "thing." For example: "The blame-America-first crowd, out of that post-Vietnam thing," "the women thing," "the drought thing," "the

But the George Bush model on display these days is forceful, at times humorous and even eloquent. For a candidate whose best laugh line has always been the one about how he has charisma, that change has been quite striking.

vice presidential thing."



march through Georgia during the Civil War. But the trip had more the feel of a loosely organized bright idea.

Seven buses, six of them reserved for reporters from as far away as Japan and Australia, made up the bulk of the caravan.

It was originally intended that the campaign would pick up delegates and supporters along the more than 700 miles (1,100 kilo-

page attention and nightly televisioo coverage.

En route, images were every-thing. When the caravan left Chicago, for instance, dozens of cameras captured him and his wife, Jacqueline, waving good-bye from the steps of his luxury

What the cameras did not capture was that immediately after-

Tennessean said the oext morn-

As the bus trip onfolded, it was clear that at least some of Mr. Jacksoo's objectives had been achieved. A oew button that appeared oo lapels at stops along the way read, "I'm a Jessecrat," as good an indication as any of Mr. Jacksoo's visions for the Democratic party.

Japanese Prefer the 'Devil You Know'

By Fred Hiatt

and Margaret Shapiro Washington Past Service
TOKYO — Japan's octvousness

about a possible Democratic victory in the U.S. presidential electioo has been heightened with the choice of Senator Lloyd Bentsen of Texas as the probable vice presidential candidate and House approval of a revised trade bill.

Japanese opinion leaders are not enthusiastic about either presiden-

tial candidate, Vice President George Bush as the Republican candidate or Governor Michael S. Dukakis as the Democrace choice. But many politicians and businesses believe that the Democrats are more likely to adopt isolationist, protectionist and anti-Japanese policies, while the Republicans of-fer at least a familiar cast of charac-

on the international market partly to help the Republicans. One senior hureaucrat said that "in the looger run" the dollar will prohabty begio falling again.

tude toward the presidential race. Japan, which depends ecocomi-

cally and militarily on the United States, has long followed U.S. polities almost as closely as its own. be better for Japan. Some that be-Now that Japan has become an economic power and chief financier of the U.S. deht, its views of those politics have become increasingly important outside Japan. The preference for a Bush victory has led some economists and

traders in Japan to assume that Tokyo has allowed the dollar to rise

"You're safer with the devil you know," one observer said, describing the widespread Japanese attiable to fast. But he said officials also have been thinking about "the political side of this," trying to support U.S. Treasury Secretary James A. Baker 3d and the present government. Not all Japanese husiness leaders believe that a Bush victory would

> lieve Mr. Dukakis is more likely to resolve what many Japanese lead-ers view as the chief U.S. problem and most dangerous Reagan-era legacy: the fiscal and trade deficits. Many leaders also believe that whoever wins io November will

find that the U.S.-Japanese relationship has become too important severe protectionist measures.

and too complex to threaten with But most leaders here seem less oervous about Mr. Bush than about

Mr. Dukakis, whom they view as inexperienced in foreign affairs and likely to follow his party's lead in pursuing harsher trade sanctions against Japan. Mr. Dukakis also at the Bank of Tokyo, said that evokes unhappy memories of Jim-Japanese monetarists believe the my Carter, who Japanese believe

initially pursued a dangerously weak and idealistic foreign policy.

"They are a little bit concerned about another small-state governor coming in, not that well-versed in foreign policy and trying again to do something like polling the troops out of South Korea," a Western diplomat said, referring to Mr. Carter's policy, which was abandoned amid great controversy.

Japanese worries about Mr. Dukakis were exacerbated in some quarters last week when he announced Mr. Bentsen as his preferred vice presidential nominee. Some Japanese officials said they were reassured by the choice, since Mr. Bentsen is a conservative insider who can get things done.

Mr. Bentsen sponsored the trade bill that was approved overwhelmingly by the House on Wednesday and widely viewed in Tokyo as inti-Japanese and protectionist. Keizo Obuchi, the chief cabinet secretary, called the House action "extremely regrettable."

and "good jobs with decent wages" for all. year. She says oow that she oever considered that the internal battle but be has backed the promises year. She says oow that she oever day," a one-day Southern primary considered that the internal battle big enough to lauoch a moderate divisive issue in the party. Divisions over foreign policy have abat-

is that he also has the party's most

loyal constituency." Many Democrats console themselves with the thought that polls show Mr. Dukakis to be an overwhelming favorite over Vice Presi-

dent George Bush among blacks. But Mr. Eizenstat said: "It is too easy in say that blacks have oowhere else to go. There are no easy answers for a party whose consensus has moved to the middle to accommodate the legitimate de-mands from the left. That is the party's cruei dilemma."

Still, it is not just partisan Democrats who believe that the party is in much better shape now than it was in 1984 or 1980. Richard B. Wirthlin, President Reagan's poll-taker, said, "I think you'll see the most united Democratic convention in some time."

One reason is the efficient, almost hloodless, way in which Mr. Dukakis dispatched his rivals for the Democratic nomination. Another is the fact that Mr. Dukakis "bridges many of the differences" that divided Democrats earlier in this decade, as his campaign man-

ager, Susan Estrich, put it. She said that Mr. Dukakis "shares the values of the Democratic past, but he offers '90s solutions, not '70s solutions."

Mr. Dukakis likes to describe himself as someone who is "committed to progressive action but also believes in fiscal responsibility." He has made expansive promises of improved schools and housing, guaranteed access to health

with few specifics, always noting that the oext president will be limited hy the deficits he will inherit. Though he comes from the Kennedys' home state, Mr. Dukakis, in his frugality, discipline, intellectu-ality and dislike for backroom poli-

"Dukakis fits no past Democratic president's model perfectly," said Harry C. McPherson Jr., who served on Lyndon B. Johnson's White House staff. "He's surely oot propriate money to finance programs to help the needy. He's much more like Carter."

Some party activists now say that "Jimmy Carter had a lot of it Geoff Garin put it.

"had the opportunity to become a ty back to what they called "the very important transitional figure, mainstream." but he was undermined by events and by the resistance of the institutional party."

the Kennedy rebellion of 1980, while the Carter administration was focusing on inflation, the Kenfor jobs programs to the Democratic convention floor.

might so weaken Mr. Carter that it would lead to his defeat. But Mr. Reagan won, and across

the South be converted so many white voters, including fundamen-talist Protestants, that one leg of the Democratic coalition was segan won the votes of two of every three white men, including large majorities among young voters.

Mr. Mondale's devastating de-

Members of the council, most of them in the South and the West where the national ticket ran far behind successful state and local candidates, first tried to take control of the party machinery. But they were unable to recruit a strong contender for the Democratic National Committee chairmanship. The post went to Paul G. Kirk Jr., a

They tried to change the dynamthem in the South. ics of the presidential commating insurance and higher education, dy's platform representative that process by creating "Super Tues- eased by the ending of some old nedy did in 1980.

erased the official status of the Democratic National Committee's homosexual, women's, hlack and Hispanic caucuses. Then be urged organized labor not to repeat the

close ties to these groups, to gain the comination without being labeled their captive.

First, Mr. Smith said, most of the main figures in congressional de-bates are people who have gone to Washington in this decade, un-

Second, "the Democrats as a group oow understand they have to be for something," he said. "For many years, they were good at critiquing weapons, but they never addressed the constitutional charge in provide for the common de-

changed the political context in which the Democrats work." But there is still a faultline becontroversial Democratic platform tween the Dukakis-Bentsen forces and the Jackson faction on the clas-The hopes that infuse Atlanta sic question of domestic policy: have been building since 1986, how much the federal government when the Democrats recaptured should tax some people in order to control of the Senate by winning provide benefits and services to pine Republican-held seats, four of others. These are the issues Mr. Jacksoo is threatening to take to

Asked if the longer ruo would begin in November, the hureaucrat laughed and said, "probably." Masao Susaki, senior economist

ers have complained that Mr. Kirk has tried to move the party too far to the right. In Atlanta, former President Jimmy Carter said that Mr. Jackson would hurt himself politically if he made "selfish" and "divisive" demands. But Mr. Carter, speaking

to lesseo a Jackson threat to undermine the image of party unity Mr. Dukakis wants to present. But Mr. Jackson appeared Sun-day to give little ground in his drive

the party and at the convention,
"Can that ticket win without the new voters I brought as part of my campaign?" he asked on a CBS

we're all members of the family.

"All we're asking for is inclu-sion," he added. "We're asking for consultation as opposed to being taken for granted. We're asking for

to be put into comination Wednesday night along with that of Mr. Dukakis. He said Sunday he had not decided whether to seek the rice presidential nomination.

mon, they are rare for the vice presidential nominatioo.

Speaking on an NBC televisioo program, Susan Estrich, Mr. Dukakis's campaign manager, said: "It's been our view all along that Reverend Jackson, his supporters and his staff have a vital role to play in the

campaign. She said that no Dukakis-Jackson meeting had been set but that one was expected at the conven-Also on NBC, Ronald L. Brown,

Mr. Jackson's convention manager, said he was optimistic about the talks with the Dukakis staff. "debate and deliberate to arrive at

decisions and gain a mandate to govern." tradition of the Democratic Party."

two quarterbacks. Every team has lead over Vice President George lead over Vice President George
Bush io five important states, inMr. Jackson's negotiators had set cluding Texas, where the addition forth his desire for a major role in Mr. Jackson's name is expected of Mr. Bentsen to the ticket gave the election campaign.

him a big boost, according to a Chicago Tribune poll released Sat-urday, United Press International reported.

by Peter D. Hart Research Associates of Washington, from July 5 ю јшу 9. Fifty percent of those surveyed

much to expect that they would out | Campaign Aides Meet Oo Saturday, Mr. Dukakis's campaigo chairman, Paol P. the camps, The Washington Post-reported from Atlanta, Both men later said they had made progress

Forty-six percent of registered Democrats said military spending should remain at current levels; 36 percent said it should be cut, and 13 percent said they supported a spend-The common feature to all the trans
the placements of Ferrettial nodes the
list place but thanks to financial le
list park The Reverend Jesse L. Jackson arriving in Nashville, Tennessee, en route to Atlanta. Wooing the Boys on the Bus oming, so remote that he will be opinion polls and performing bet-traveling by helicopter to some ar-The vice president has also been getting better in his speeches, long a problem area, especially for Jackson's Convention Caravan Seizes the Spotlight someone whose act follows Presiward Mrs. Jackson got off the meters) from Chicago to the dent Ronald Reagan's on the polit-By Gwen Ifill bus and left her five children and ical card. One speech writer after Democratic Party's convention site in Atlanta. But the goal of Washington Past Service
ATLANTA — The car. another has looked on aghast as the a handful of aides to accompany vice president has destroyed some their father to Atlanta. shaped like a giant Oscar Meyer picking up people along the way was tossed aside after the first of his better-written lines by chain-Another image came courtesy Senator Albert Gore Jr. of wiener, began to shadow us on ing sentences together with "ands," deviating from the text or failing to the Interstate between Louisville Tennessee, himself a former Mr. Jackson, it seemed, was and Nashville. It was an odd presidential candidate and no pause for effect. having entirely too much fun enenough sight in itself, but the This is how it works on the stranger to campaign posturing. tertaining the press. reason the car never passed the stump with Mr. Bush: In a recent speech, he painted a vision of the Everywhere on the route, local As an overflow crowd spilled motorcade became clear after a news helicopters showed up to few miles, wheo the driver flashed a hand-lettered sign that into the street in froot of Jeffer-United States as a land of opportudocument the journey. The ma-jor networks planned to have heson Street Missionary Baptist Church, in Nashville, Mr. Gore, ignoring scattered boos, called Mr. Jackson's campaign a "step-ping stone toward hope." nity and hope in which "the poorsaid, "Go Jesse!" licopters in the sky, broadcasting the progress of the motor-bus est of the poor have dreams." It was a rare moment of spon-"I think a lot of parents would taneity in the rolling Jesse Jack-son press circus that brought the candidate to Atlanta on Satursum up this country and its dreams in eight words; 'My children will have it better than me,' "he said. But he could oot leave it there motorcade as it neared Atlanta. Mr. Jacksoo was a walking wilderness jauot could oot be That, coupled with an initially media event last week, occupyin worse, and oot just because of the awkward attempt at the classic. more limelight than the party's prospective nominee, Governor Michael S. Dukakis of Massa-Mr. Jackson tried to invoke raised-armed victory pose, proved to work for Mr. Gore, and smoothly stepped on his mesmemories of freedom rides and sage by adding, without a pause, "If you are a fanatic about gramcivil rights marches along the who is oot foodly regarded chusetts. Because of the fight route that followed in part the among Jackson supporters. mar, 'better than L'" that kept brewing between the path General William Tecumsch "Jackson, Gore Stand Unittwo campaigns, his every statement seemed to warrant front-Sherman took in his destructive ed," a headline in the Nashville

As Effeminate United Press International ATLANTA — Former President Jimmy Carter said in an interview published Sunday that Vice President George Bush gives "a kind of efferminate impression" by tr ing to be "tough when he

Daily News of Gwiocett County, Georgia, that Mr. Bush, who will probably be made the Republican presidential comince cext month. had a "very serious problem of silliness," which would help the Democratic presidential "People doo't know where

Mr. Carter told the Sunday

know where he was when decisions were made in the White House that were unpopular." "Bush's effort at trying to improve his image contributes to the silliness problem." Mr. Carter added. "There's a kind of effeminate impression that

he gives in the public when

he stands or what his position oo the issues is," Mr. Carter

said of Mr. Bush. "They don't

Former President Jimmy Carter talking with reporters Sunday in Atlanta as Democratic Party delegates gathered to pick a presidential and vice presidential candidate for the autumn election. he's oo television, trying to be tough when he iso't." DEMOCRATS: As Convention Opens, Party Seems More Unified Than in Many Years

tics, reminds many of Mr. Carter. a Hubert Humphrey, not a rhetori-cal, mainstream liberal out to ap-

" as the political consultant "He saw there were toogh Richard A. Gephardt of Missouri choices," they say.
Mr. Garin added that Mr. Carter

Coolness to Mr. Carter fueled which is in some respects similar to the Jackson challenge this year. Miss Estrich said that in 1980, nedy faction was taking demands

Miss Estrich was Senator Kenne-

verely weakened. in 1984, when the Democrats nominated Mr. Mon-dale and Representative Geraldine A. Ferraro of New York, Mr. Rea-

edge that their party was in serious trouble. The 1984 loss led to a declaration of war by some of the moderate-conservative elected officials on the interest groups prominent in the Mondale campaign. Senator Nunn, Mr. Robh, Representative and others formed the Democratic Leadership Council to pull the par-

Boston lawyer and former Kenne-

scheme mistired after Senamr Al- ed, for reasons summarized by bert Gore Jr. of Tennessee, who on Larry Smith, who was an adviser to March 8 split the Super Tuesday Gary Hart during the former Colonational convention delegates with rado senamr's presidential cam-Mr. Dukakis and Mr. Jackson, paign. proved unable to win outside the

Nonetheless, many agree with Mr. Rohh's assertion that the Democratic Leadership Council and its allies "have moved the party in a more centrist direction" — with help from Mr. Kirk and Mr. Dukakis, two men they opposed. Early in his tenure, Mr. Kirk

early endorsement that helped stamp the special-interest label oo This year, groups representing said, "will ultimately depend not labor, teachers and feminists made on how much we spend but oo how oo endorsement. This self-restraint allowed Mr. Dukakis, who has

Mr. Kirk also engineered the drafting of the shortest and least

scarred by the hitter intraparty battles over the Vietnam War.

Third, he said, the party now agrees on military spending "Our ability to defend ourselves," he said, "will ultimately depend not

Aod. fourth, Mr. Reagao's

"movement on arms control and

the Soviet issue has fundamentally

Mr. Dukakis's path has been the convention floor, as Mr. Ken-

JACKSON: Differences Have Yet to Be Resolved (Continued from Page 1)

chairman. Some Jacksoo support-

on an ABC television program, added, "He's not going to make that kind of mistake," Intense negotiations begao Saturday and contioued into Sunday

for recognition as a central figure in television program. "Of course it cannot, and it should not have to -

shared responsibility." Responding to the call for "shared responsibility." Mr. Dukakis said in Boston: "You can't have Mr. Dukakis holds an 11-point to have a quarterback; that's the

The poll of 1,507 registered vot-crs in California, New York, Texas, Florida and Illinois was conducted Although contested votes for the presidential nomination are com-

> York and Illinois, tied Mr. Bush in Texas and trailed him in Florida. fore Mr. Dukakis named Mr. Bentsen as his running mate, 194 of the

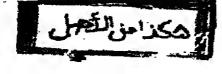
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A Profile of



INTERNATIONAL CREDIT

Concealed Capital Market Is Developing in Europe

By CARL GEWIRTZ

ARIS -- An important market nearly totally hidden from public view is developing for European companies to increase their capital without altering their real ownerthe companies seeking capital increases nor the handful of investment banks arranging the transactions are willing to dis-

cass decisis.

The banks in the forefront of this business are said to be interested to be interested as the control of this business are said to be interested from other banks not yet up to speed. "It's proprietary," bankers said.

But there is also apparent discomfort in exposing for public scrutiny the collusion between the borrowers and their tax authorities needed to make the transactions possible. One banker said the struc-

auditors refused to sanction this tax code distortion. ture was not being shown to
American companies because the Internal Revenue Service

French bankers

said their internal

would never accord the necessary tax relief.

The few bankers willing to talk about the subject also expressed concern about how the European Commission might react to the lenient tax treatment if details were readily available.

The common feature to all the transactions is that they are The common feature to all the transactions is that they are private placements of perpetual notes that are sold to investors for 15 years, but, thanks to financial legerdemain, remain outstanding forever. After 15 years, when interest payments stop, the paper is worthless. The fictitious perpetuity gives rise to tax savings that otherwise would not be possible.

The only capital-raising exercise for which details are known is by Rhône-Poulenc SA. Two weeks ago, a joint declaration from the French ministries of finance and industry accorded to the state of the owned chemical company permission to increase its capital by 5 billion francs through the sale of perpetual capital notes.

HE OFFICIAL statement never mentioned the tax relief, although assurance that the controversial reduction would not be challenged was the only reason the company had to consult the government.

consult the government.

In essence, Rhône-Poulenc will be permitted to deduct as a legitimate "interest" expense the money set aside to repay investors after 15 years. The cash set aside will be invested in U.S. Treasury zero-coupon bonds, meaning that roughly 1.3 billion francs used to buy the zeroes will be worth 5 billion francs at year 15. In the meantime, the company gets to deduct from its taxes the purely fictitious 1.3 billion francs of "interest" payment.

Without the tax deduction, the operation could not have gone ahead, as the money saved is the key ingredient that makes this a compellingly cheap way to increase its capital.

French bankers said their internal auditors refused to sanction this distortion of the tax code, which normally does not allow repayment of principal to be taken as a business expense. Sources

this distortion of the tax code, which normally does not allow repayment of principal to be taken as a business expense. Sources also reported that none of the major private auditing firms, the so-called Big Eight, were willing to give unqualified approval.

Bankers described the structure of Rhône-Poulenc's offering as "aggressive" and said that other offerings either under way or under consideration were less rapacious. Nevertheless, all involve controversial exploitation of the tax code necessitating prior assurance that tax officials will not raise an objection.

Speaking about an operation being studied by a Buitsh company, a banker said: "It's possible to come up with a different structure" from Rhône-Poulenc's "where a company can get a tax reduction initially but surely subsequently pay some of the tax back.

but would subsequently pay some of the tax back. That would have much less powerful economics, but could still in fact be pretty attractive. Not because the net net tax had been taken out of the system, but because of the time value of money — you get relief today, tomorrow and the next day, but pay back in year 15."

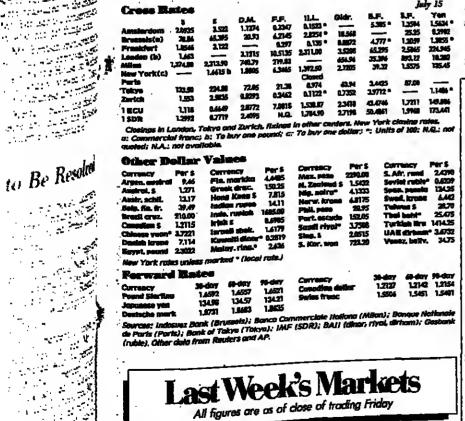
The only companies known to be currently seeking to raise capital through the sale of perpetual 15-year notes are Compagnic Bancaire and Banque Batif, a unit of the state-owned Thomson. No details have been divulged on the structure of these operations, both arranged by Swiss Bank Corp. Investment Banking, although the technicalities are said to be significantly different from those employed by Rhone-Poulenc.

In the credit market, Chemical Bank last week was named to arrange the sale of £595 million in senior debt facilities to assist in financing the management buy-out of Reed Manufacturing from

the parent company Reed International.

Chemical said that £400 million would be drawn down to fund the completion of the acquisition. There were no details on the terms, but market rumors had the loan running for eight years at 1% points over the London interbank offered rate.

Currency Rates



Money Bates

Federal funds rafe

3-month Interbank

West Garmeny

Lombard

48.60 457.10 -0.55 % London p.m. fbc3 409.10 409.40 -0.07 % Gold

United States

Discount rate

July 8 Chise

210615 +1.11 %

1.577.20 -- 0.54 %

1,497.50 1,506.80 -0.62 %

178.52 +0.63 %

178.52 + 0.63 % Federal fund 989.19 + 0.40 % Prime rate 257.87 + 0.94 % Jegon 270.03 + 0.57 % Discount 152.81 + 0.55 % 3-month intert

July 15 July 8

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Britain's Hanson: **Unashamed Giant** Of the Acquisitors

By Warren Getler
International Herald Tribune
LONDON — We believe we are opportunistic," said Martin G. Taylor, a vice chair-man of Hanson PLC, Britain's most acquisitive industrial conglomerate. "Although that's a word often used against us by defending bankers, we tend to think it's rather a

Smng? Perhaps. But the self-estimation

"The record speaks for itself," said Jeff
Putterman, who tracks Hanson for the investment banking firm Drexel Burnham Lambert
Inc. in New York. "It's hard to criticize
people who have been doing this well for so
long."

Indeed, the group's chairman, Lord Han-son, and Sir Gordon White, chairman of the U.S. unit, Hanson Industries Inc., have achieved a kind of cult status as Britam's most eminent takeover artists. Lord Hanson, 66, and Sir Gordon, 65, have

the reputations of being courtly, discreet gents, notwithstanding the terror they often strike in target company boardrooms. Both are more than 6 feet (1.8 meters) tall and in their youths were known to frequent Lon-don's leading social haunts. James E. Hanson, as he was known before he became a life peer, was at one time engaged to Andrey Hepburn; Gordon White was rumored to have been seeing Mary Tyler Moore and Joan

Lord Hanson, who as chairman earned £320,000 (\$545,000) last year, is the chief administrator and senior diplomat of the sprawling group. Sir Gordan, who was introduced to James Hanson by the latter's younger brother, the late Bill Hanson, is the creation of the complementary behind the complementary. ative strategist behind the conglomerate.

Sir Gordon, with the backing of Lord Han-on, decamped for the United States in mid-1970s because he was dissatisfied with Britain's business climate, company sources say,
particularly with what he saw as the lack of
support industry was getting from government. The two executives now shuttle back
and forth between London and New York.
Their company, Hanson PLC, has from
modest beginnings in the mid-1960s, when it
focused on construction equipment, become

focused on construction equipment, become one of Britain's largest industrial groups, with one of initian's largest monistrat groups, with an undiluted market capitalization of £5.1 billion on 3.578 billion shares. In the spring of 1964, when its precursor, the Wiles Group, became a publicly traded company, it had yearly pretax profit of £130,000, a market capitalization of £300,000 and a work force numbering in the hundreds. Last year, Hanson had pretax profit of £741 million and a work

force exceeding 110,000.

Hanson Industries, based in Iselm, New Jersey, entered 1988 as one of the top 60 U.S.

ployed. In November 1986, Hanson obtained a listing on the New York Stock Exchange, but its American Depository Receipts have performed somewhat listlessly, with shares stagnating at about \$11 tn \$12 in recent

companies. The parent company has been seeking to raise its profile in the United

States, where 15 percent of its shares are held

and more than half of its work force is em-

In December, the parent dropped the word "Trust" from its name because, Mr. Taylor explained, "we had received so many letters from Americans believing that we were in some sense a bank... They were sending us checks wishing us to manage people a money for them," he said, "We thought we'd avoid the confusion by changing our name."

To make what Hanson is all about clear to

the better informed on Wall Street, Hanson flew 100 analysts over to London on a Concorde last January for a full briefing, followed by a speech by Prime Minister Margaret Thatcher and a few days of rest and recreation at the posh Grosvenor Hotel on Park Lane, British analysts reportedly were played at the royal treatment, and because they were not invited, So Hanson followed up with an open house for them and British fund manag-

But over the past five years, Hanson has See HANSON, Page 9

G-7 Still Divided **Over Policy Use** Of Commodities

International Herald Tribune
BRUSSELS — Despite publicly
endorsing the idea at their Toronto summit last month, the seven leading industrialized nations are still divided over a plan to include gold and other international commodity prices among their barometers of the world economy.

The proposal was launched in September by James A. Baker 3d, the U.S. Treasury secretary, who wants gold to play a prominent role in a new commodity price index that would help guide joint eco-nomic decisions by the Group of Seven countries: the United States, Japan, West Germany, France, Britain, Italy and Canada.

Although the seven approved the suggestion in principle in April, se-nior European financial officials said experts working on the index at the International Monetary Fund still disagreed over the relative weighting of gold and other commodities, notably oil.

Much more important, they said, the seven countries are still far from agreement on the fundamen-tal issue of how the performance of the commodity index and the other indicators they monitor should influence national economic and

monetary policies.

The big question about the commodity index is not how you construct it but what yoo do with

debate among the seven countries as they grope toward a reform of the international monetary system intended to restore tighter control over exchange rates.

The seven generally agree that joint economic policy manage-ment, rather than massive currency intervention, should be used to stabilize their currencies.

But they differ over whether a government should be required to See COMMODITIES, Page 9

take corrective action if its economy — or its exchange rate — gets out of line with the others or wheth-

er such policy coordination should essentially be voluntary. Basically, said a senior European official, the Europeans do not want to be told what to do by the United

"There is a question of sover-eignty — a feeling that the United States has been bullying its trade partners a bit too much," he said.

By contrast, European officials said the precise composition of the commodity index is effectively a technical issue that can be resolved by the time the G-7 ministers next meet during the IMF's annual gathering in Washington in Sep-

tember.

Of the three main players, the United States wants to give a greater weight in the index to gold, West Germany wants more emphasis on oil — which accounts for nearly 50 percent of all trade in basic commodities — and Japan has stayed largely on the sidelines. But, the officials added, the dis-

pute is no greater than similar arguments over other indicators, such as price indexes, for which experts still disagree, for example, over whether greater weight should be given to wholesale or retail prices.

The answer, said a European official, is simply to leave the index flexible. There is no reason to give construct it but what yoo do with it," a Butish official said. Should governments, for example, be obliged to alter their interest rates in the light of inflation trends shown by the commodity index?

That essentially political question goes to the heart of the current debate among the seven countries

varying results that would emerge from different ways of calculating the index. They would thus be able to compare international price trends according to whether gold or oil were given the greater weight. "If the index is used to determine

how you change your economic policy, it's obviously crucial what you pnt in it," a European official said.

Canada Expected to Finance Atlantic Oil Project By John F. Burns New York Times Service Oil companies involved in the project has calculated the field would consortium led by Mobil Oil of in 1979, after exploring in the re TORONTO — Oil industry ex be profitable at a world oil price of Canada, a subsidiary of Mobil gion for several years. Initial esti-

that it planned to provide much of the financing needed to begin a \$5 said they believed that dwindling est Canadian-owned oil concerns, said they believed that dwindling est Canadian-owned oil concerns, supplies in the 1990s would push the state-owned Petro-Canada and the price up, the consortium was Gulf Canada Corp., are also in the Masse is expected to an-

The plan calls for a huge con-crete platform to stand in 300 feet of water (91 meters) in an area known as leeberg Alley, about 180 miles (290 kilometers) east of St. John's, Newfoundland, in the Atlantic Ocean, the executives said. The site is north of where the Titanic struck an iceberg and sank in

It would be the first deep-water oil well to be put into production along the eastern coast of North

field could add nearly 10 percent to Canada's current production of conventional crude oil. The project seems certain to at-

tract the scrutiny of safety experts and environmentalists.

The consortium of oil companies involved in the project reportedly calculated the field would be profitable at a world oil price of about \$22 a barrel.

project without a large infusion of government money.

At a projected production flow of up to 100,000 barrels a day, the

not prepared to proceed with the consortium. So is a smaller Ameri-

Industry sources said the deci-sion to proceed would be an-nounced by Marcel Masse, minister of energy, mines and resources, probably on Monday.

The project requires the approv-al of the federal and provincial cabinets. Prime Minister Brian Mulroney's office confirmed that he would be in St. John's on Monday.

The industry sources said Mr. Its economic viability has been questioned as well. According to industry sources, the consortium of would provide about \$2 billion in

economies in Canada and an un-Bank, southwest of Nova Scotia. employment rate of 15 percent. The
The Canadian government is to oil platform is expected to be built make a start-up grant to the con-in a shippard in St. John's, and the sortium of about 1 billion Canadiseveral hundred jobs it would cre- an dollars (\$820 million), the indusate could help the ruling Conserva- try sources said. The government

A Mobil-led consortium discov- dian dollars.

TORONTO — Oil industry executives said the Canadian governabout \$22 a barrel. The current
current Corp.

Chevron Oil, a subsidiary of up to 2 billion barrels of oil, but the
control of the current contained to price is about \$14.50.

Mr. Masse is expected to an-nounce that full production in the field would be achieved in 1995. However, the recent explosion and fire on a North Sca oil platform operated by Occidental Petroleum Co., in which more than 160 workers died, may lead to safety rules that would delay that plan.

The apparent government decican company, Columbia Gas Sys- sion to approve production at Hibernia comes a month after it The government decision to proceed with the project is regarded as partly a political one. Newfoundland, with a population of 575,000, has one of the most depressed a mounted a moratorium on oil and the waters around the Georges

tive Party, which must call an elec-tion before September 1989. would also provide loan guarantees for an additional 1.5 billion Cana-

OECD Warns Yugoslavia **Must Control Price Rises**

Compiled by Our Stuff From Dispatches

PARIS — Yugoslavia must reduce runaway inflation to break out of a victors circle of "stagilation" — a stagnating economy and high inflation — the Organization for Economic Cooperation and Development said in a report for release Monday.

In a survey of the Yugoslav economy, the Paris-based organiza-

tion said, however, that reform measures taken or proposed over the past 18 months should help promote efficiency by penalizing "eco-

nomic failure" and improving economic policy instruments.

The report said Yugoslavia faced inflation running at an annual rate of 250 percent before a partial price freeze was imposed last November. The rate has since remained around 90 percent.

But Belgrade said last week it had surged back to 175.5 percent in June, and Prime Minister Branko Mikulic forecast a further deterio-

In May, Mr. Mikulic launched an austerity program that curbed wages, public spending and investment but freed prices and imports. He also cut the dinar's value by about 19 percent.

The program should "greatly" help in coming to grips with "the destabilizing anticipation of inflation," which OECD economists said they believed had hindered rational decision-making.

The plan links wages, public spending and credit expansion to "targeted rather than actual inflation" and should promote a more competitive environment, which would also help dampen price

The program is combined with a tighter monetary policy and steps

Mr. Mikulic said last week that up to two million workers could

HACHETTE Chairman's Message

Seven years have passed since I assumed responsibility for the Hachette Group's development, and I believe that we can look back with satisfaction on the progress achieved during this term From a loss position in 1981, the Group was able to report a profit of FF 251 million in 1987, while revenues more than doubled over the same perod, rising from FF 7,8 billion to FF 17,2

billion last year. Today, operating responsibility for Hadhette's multimedia activities is concentrated within four solidly based, outonomous divisions: Book Publishing, Magazine and Newspaper Publishing, adout film and Display and Distribution. Corporate management, for its gools, as well as it works to lead motivate and control the Group. Whereas 1987 was marked by

strong growth in operating results soles
The Hochette Group now employs up 17%, consolidated net income up 26,000 people and is established in 36 16,5% it was in early 1988 that the Group took some major steps forward. groups, with projected 1988 revenues no? of PT 22 billion.

General meetings of the shareholders of Hachette S.A. held June 21, 1988

 we will remain a multimedia group, continuing to develop the activities of all four of our existing divisions, we will further develop our internotional presence already very signifigenerated from outside of France. We will seek to become a world leader in new market segments, as we have already become in the reference book and magazine sec-

Naturally, we will strive to maintain and develop oil of our varied activities in France. We will also have to be strong to foce up to powerful new part, sets Hachette's strategy and competitors in the united European market of 1992. We look forward to this deadline as an agressive chal-

> countries. Indeed, I believe we can be proud of what we have accomplished. Man-Live LAGARDERE out 12, 1988.

We are going to grow even stronger, in keeping with two strategic priorities:

The Ordinary General Meeting of Shareholders held June 21, 1988, decided on the allocation of a dividend of

FF 36.75 for the previous financial pericant as over half our revenues are This dividend will be payable July 12,

FF 30 per share, with entitlement to a

tax credit of FF 15, giving total earnings per share of FF 45, compared with

Following the Ordinary General Meeting, on Edwardinary General Meeting was held, during which a tory decisions were taken. The Board of Directors which met on the some day, decided on details and on agencia.

it was decided to reduce the nominal value of shares to FF 15 and to divide shares by ten. The date on which division will take effect was set for July 22,

The Board of Directors, with the author-With the acquisition, in repid succession, of two major US operating bases, and we want to go further. The talent inty of the General Assembly, also design, of two major US operating bases, and the strength of our team allows us added to allocate one extra free share Hachette has emerged as one of the to be very ambitious to become the for each 10 shares of a nominal value world's top five communications world leading multimedia group. Why of FF 15 held following division. Entitle-groups, with projected 1988 revenues not?

increases, the report said.

to curb wage increases and public spending until year-end. Tn improve its payments position and attract convertible currencies, the report said, Belgrade must emphasize export-led growth rather than import substitution, adding. "Yugoslavia is too small a country for even limited self-sufficiency."

lose their jobs as a result of austerity measures. (Reuters, AFP)

TERMINATION OF CONVERSION RIGHTS To The Holders of ITO-YOKADO CO., LTD.

(the "Company") 5%% Convertible Debentures Due August 31, 1996

(Kabushiki Kaisha Ito-Yokado)

NOTICE OF REDEMPTION AND

(the "Debentures") NOTICE IS HEREBY GIVEN, that pursuant to Article Four of the Indenture dated as of July 1, 1981 all, outstanding

coupon Debentures and registered Debentures of the Company have been called for redemption on August 31, 1988 (the "Redemption Date") at a Redemption Price (the "Redemption Price") of 102.30% of the principal amount thereof. Payment of the Redemption Price will be made upon presentation and surrender of the Debentures (in the case of coupon Debentures, together with all coopons appertaming thereto maturing after August 31, 1988), on or after August 31, 1988 at the Corporate Trust Office of The Bank of Tokyo Trust Company in New York City, 100 Broadway, New York, N. Y. 10005 or at the principal office in the city indicated of any of the following Paying Agents; The Bank of Tokyo, Ltd. in London; The Bank of Tokyo, Ltd. in Brussels; Morgan Guaranty Trust Company of New York in Brussels. From and after the Redemption Date, interest on the Debentures to be redeemed will cease to accrue. Interest maturing on August 31, 1988 will be paid in the usual manner.

CONVERSION OF DEBENTURES INTO COMMON STOCK

The Debentures may be converted into Common Stock of the Company or, at the option of the holders, into American Depositary Receipts, at the conversion price (with Debentures taken at their principal amount translated into Japanese yen at the rate Yen 280,20 equals U.S. \$1) of Yen 759.90 per share of Common Stock. The Company's Common Stock and American Depositary Receipts are issuable only in a Unit of 1,000 shares of Common Stock or integral multiples thereof. A cash adjustment will be made for any fraction of a Unit.

thereof. A cash adjustment will be made for any fraction of a Unit.

Esch Debentureholder who wishes to convert his Debentures should deposit his Debentures (in the case of coupon Debentures, together with all unmatured Coupons) and a written notice to convert (the form of which notice is available from any of the following) with Morgan Guaranty Trust Company of New York, at its corporate trust office in New York, otty, 30 West Broadway, New York, N.Y. 10015 or with any of the paying Agents' offices specified above, SUCH CONVERSION RIGHTS WILL TERMINATE AT THE CLOSE OF BUSINESS ON AUGUST 29, 1988. BASED ON THE CONVERSION PRICE OF YEN 759.90 PER SHARE, A CLOSING PRICE OF YEN 4.390 FOR THE COMMON STOCK ON THE TOKYO STOCK EXCHANGE ON JULY 12TH, 1988, AND A CURRENT RATE OF EXCHANGE ON JULY 12TH, 1988 OF U.S.1=YEN 134.10, THE HOLDER OF A DEBENTURE IN THE PRINCIPAL AMOUNT OF U.S.\$10,000 CONVERTING ON THAT DATE WOULD HAVE RECEIVED UNITS (TOGETHER WITH A CASH ADJUSTMENT FOR A FRACTION OF A UNIT) HAVING A VALUE OF U.S.\$93,159.00 THE U.S. DOLLAR EQUIVALENT OF CONVERSION ON A LATER DATE WILL BE AFFECTED BY CHANGES IN THE PRICE OF THE COMMON STOCK AND IN THE RATE OF EXCHANGE, AND BY ANY ADJUSTMENT OF THE CONVERSION PRICE.

ito-yokado co., Ltd. By: The Bank of Tokyo Trust Company

Dated: July 18, 1988

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DOLLAR: Trade

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Rather than commit mestell to the dollar lows for time eyels. I'd fall in favor that the probability is an impending pulinack than

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be very cautious.

"As a consequence, we are much more vulnerable to a setback than lar, but I wouldn't be blind buil. I'd lows. Rather than commit myself to for this bottom in the dollar to be

stating that we've absolutely scen realized fully, I would need to see the dollar lows for this cycle, I'd the dollar lows for this cycle, it is ket, he said.

The said increased interest rates sidelined rather say that the probability is ket, he said.

The said increased interest rates sidelined participants not already on vaca-60-40 in favor that we have. We I want to see that this spike in particular have an impending pullback that I the dollar was not just a speculative tion.

DOLLAR: Trade Report a Green Signal for Currency

New International Bond Issues

Compiled by Laurence Desvilette

Over 6-month Libor. Noncollable. Fees 0,10%. Denominations \$100,000.

Over 3-month Liber. Redeemable of 99% in 1993, Fees

gross yield on 6-month Transury bilk plus ½, in which case the latter rate will apply. Collable at par in 1989. Fees 0.75%.

nen and at maturity linked to the performance of the Niids 25 stock index, Fees 1%%, Denominations 100 million ye

Semiannual coupon will be set at a morgin over the Japanese lang-term prime rate to be determined July 26. Reduemable and callable in 1991, with redemption amount then and at molently limited to the performance of the Niklai 225 stack.

Redeemable and collable in 1991, with redemption amount then and at maturity linked to the performance of the Nikkei 225 stock index. Fees 1965. Denormations 100 million yea.

Coupon will be 21/% the first 2 years and 71/% thereafter

Nancollable. Fees 17/5. Denominations 100 million yer

97.25 Noncollable. Each \$5,000 note with one warrant exercisable rate company's shares of 1,179 year per share and 133.40 year per dollar. Fees 214%.

102.00 Coupon indicated at 41/74. Noncollable, Each \$5,000 note

with one warrant exercisable into company's shores at an expected 2424 premium. Paus 214%, Terms to be set July 21.

deemable at 116 in 1993 to yield 8.51%. Convertible at \$26

Coupon indicated at 414%. Noncollable, Each \$5,000 pate

Semicanual coupon indicated at 39%, Callable at 103 in 1993. Conventible at an expected 5% premium. Fees 29%.

Coupon indicated at 414%, Noncollable, Each \$5,000 note with one worrout exercisable into company's shares of an expected 25% premium. Fees 25%, Terms to be set July 19.

Noncollable, Each \$5,000 note with one warrant exercisable

into company's shares of 820 yen per share and at 134.60 yen per clotter, Feet 256%.

Noncollable. Each \$5,000 note with one warrant exercisable

Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at 3,783 yes per share and at 133,85 yes per dollar. Fees 24%

Newsylloble, Each \$5,000 note with one worrest extraordischie

into company's shares at 976 yen per share and at 134.10 yen per dollar, Fees 24%.

Noncellable. Each \$5,000 note with one worrest exercisable into company's shares at 700 yen per share and at 134.10 yen per dollar. Fies 287%.

Noncellable. Each \$5,000 note with one warrant exercisable

into company's shares of 682 yen per share and at 134.60 yen per dollar, Fees 214%.

with one worrant exercisable into company's shares of an expected 25% premions. Fees 25%. Terms to be set July 18.

exercisable until Dec. 1991 into one share of Banco Hispano Americano SA at 4,500 pesetos per share, a 8,40% premium.

Noncollable. With warrants exercisable into company's

"Looking at monthly charts, the

market appears to have turned the corner. But the daily and weekly charts say we are nearing some sort

of sell-off, and I want to see quality

of support during that sell-off. If I

see high-quality support at good levels, then I become more confi-

dent that what appears to be a turn in the dollar is indeed a turn. Right

ficial intervention changed any-

thing, Mr. Blitz said that "from a

technical perspective I could care less about central banks — they can only push the dollar in a direc-

tion it wants to be pushed. We have

had a tremendous rally in the dol-

lar, and the market is tired. The

technicals tell you the market's

very susceptible to a sell-off. As a

consequence, strong central bank

selling will be very successful here in driving the dollar down."

Analysts said official interven-

tion would be more effective if the

Reagan administration signaled its

"When the Fed intervenes," said

Lawrence Kreicher, a Merrill Lynch & Co. economist, "we don't know if it's intervening for itself,

for the Treasury or executing an order from foreign central banks.

"You can't read what the admin-

istration wants from what the Fed

is doing. Up to now, the adminis-

tration has been silent, validating

As for the Eurobond market,

the dollar's increase."

desire stop the dollar's rise.

now, it's a bit too soon to tell." Asked whether the concerted of-

97.50 Coupon indicated at 44%. Noncoffoble. Each \$5,000 note

97.00 Semiorenally. Callable at 103 in 1993. Convertible at 2,100 yen per share and at 134.50 yen per dollar. Fem 28/%.

102.00 Noncollable. Each 1,000-mark note with 15 warrants, each

100.50 Nancollable, Each \$5,000 note with one warrant exercisable into company's shows of 2,450 yen per share and of 134.60 yen per dollar, Fass 26%.

into company's shores of 1,415 yet per shore and of 134,50 yet per shore and of 134,50 yet per shore.

Terms to be set July 22.

98.63 Nancollable. \$50 million issued now and balance reserved for top. Fees 17%.

Noncollable, Fees 3%, Denominations \$1 million

97.75 Noncolicible. Fees 1%%, Registered notes in den of 100,000 froncs.

98.80 Noncoffable. Fees 25/%.

98.70 Noncallable. Fees 1%%

99.75 Noncollable, Fees 116%

10134 99.90 Noncolloble. Fees 136%.

141/4 101% 100.25 Noncollable. Fees 11/3%.

100.10 Over 6-month Libor, unless this is at least 1/4 over the simple

nth Libor, but spread over Libor may vary each deamable at par an every interest payment date.

Mat. Coup. Price

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C\$ 100 1993 10% 101% 99.50 Noncollable, Fres 1%%.

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61/2

1993 514 101%

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FLOATING RATE NOTES

National Westminster

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Royal Book of

FDCED-COUPON

Nippon Telegraph &

Mortgage Association

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Philip Morris Credit

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der Oesterreichischen

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Hitochi Metals

Hokuriku Bank

Mitsubishi Cable

Nankai Bectric

Sekisui Plastics

Toyo Tire & Rubber

Yaohan Department

Yasuda Trust &

Banco Hispano

Americano Int'I

COSAG Computer

(Continued from Page 1)

compared with the dollar's advance

against the mark. But if the dollar

were to pierce 137 yen, Mr. Kepler

said it could then soar, possibly as

high as 152 yea.
The only really skeptical note among technical analysts was

struck by Steven Blitz of Salomon

Brothers Inc. He remained "a bit dubious" that the dollar had made

a "fundamental turn" from the record lows set early this year of 1.5816 DM and 121.15 year.

"I think the real test is going to

occur over the coming weeks, when we should see a bit of a dollar

pullback," he said. "I expect very strong resistance at 1.90 DM that

could push the dollar all the way

cal level against the yen is 136-137,

and in terms of support, 130 yen."
Asked why his numbers were so

rounded when others cited resis-

tance and support levels to four decimal places, Mr. Blitz said: "Look, this isn't rocket science,

O.K.? I could come up with a num-

ber of 10 decimals, but you proba-

bly wouldn't believe it. What's im-

portant is the benchmark

neighborhood where we could see

very good selling pressure.

The charts now tell me I should

also tell me that this trend is getting

to levels, not only in terms of abso-

lute levels but also in terms of mo-

mentum and other types of techni-

cal indicators, where the rally is

starting to lose a little steam.

"In terms of resistance, the criti-

back to 1.80 DML

Banking

Nichii

Financial Holdings

GMAC Conoda

IBM (Australia)

Credito Italiano

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think will determine whether or not that is the situation."

Why the pullback? Support for a falling dollar "has not been tested yet," Mr. Blitz said,

in straight line forever, you tend to adding, "that's what I want to see get periods of at least plateaus, if not pullbacks. It's just human na-ture. People who have long dollars earned good profits. Why not take some profits and see what hap-

That's what all the momentum statistics are saying — that people are just not coming into the market with the same momentum as be-

Intervention would be more effective if the administration signaled a desire to stop the dollar's rise.

fore. You can see that in the price action: It's going up, but not with The key test during any pull-

back, Mr. Bhtz said, is whether the retreat takes the dollar below 1.80 DM or 130 year. A deeper fall be long [buying] the dollar against would change the shape of the graphs, making a design that chartthese two currencies. The charts ists would consider ominous.

For Mr. Crane, the breakpoints are 129.60 yen and 1.8100 DM. If the dollar were to fall to closing rates below those, the market would "go into a totally new technical environment," he said.

Mr. Blitz indicated he would reseveral weeks ago. Given that vulnerability, I would be long the dollar's recovery until it had tested those

From a technical point of view.

some strength of support in mar-

On Inflation Continue Compiled by Our Staff From Dispatches NEW YORK - The U.S. bond market posted a small loss last

As Concerns

favorable trade report. The inflation fears, however,

ments from Alan Greenspan, the

U.S. CREDIT MARKETS Federal Reserve Board chairman, market by 5 percent. He indicated to the Senate Banking

mined to fight inflation. ar Treasury bonds that mature in 2018 fell ½ point for the week to Hanson," he said. end at 99%. The yield rose to 9.15 Since the comp percent from 9.10 percent.

"I think the most significant

But Stuart G. Hoffman, vice pres-

want the economy to grow at the 4 talking about billions of pounds." percent rate of last year.

about 2% percent, he said. By en-percent of the operating profit de-couraging higher interest rates, the rives, will be difficult, analysts note. central bank could dampen growth.

forecasts and are limiting their in-

Larkspur, California, said, "The a third of which may be spun off. economy is stronger now than it was coming quarters, an expansion fast expenditure, nor will it abandon enough to cause a gradual rise of the acquisition trail. inflation and interest rates.

As long as inflation is rising being told that "the next time Han-gradually, Mr. Sport said, the Fed son has to bid for fCL," Britain's will foster only small increases in short-term rates.

The government said Friday that the U.S. merchandise trade gap grew \$634 million in May to \$10.93 billion, which was in line with ex-pectations. The government also it as adding value to Hanson's sharepectations. The government also reported the producer price index holders and our being able to add

boost to the bond market on Fri- sheet. With an abili

Prices Drop HANSON: The Unashamed Giant of Acquisitors Doesn't Intend to Stop (Continued from first finance page)

kept the City of London fairly impressed by having achieved compound growth in earnings per share of 35 percent. Analysts were somewhat disappointed when those carnings grew by only 10 percent in this year's first half: They had ex-

pected 12 percent. Hanson's share price over the past year has underperformed the London market by 25 percent, notweek as inflation concerns over- ed Paul Burke of Kleinwort Grievecame the dollar rally generated by a son Securities in London. But since the announcement in May of a half-year pretax profit growth of 14 were partly eased by midweek com- percent, which both the company and analysts called impressive, and a stronger than expected balance sheet of £3 billion in cash, Hanson's shares have outperformed the

The good interim results, a Committee that the Fed was deterstrong balance sheet and the favorable movement io the dollar-The price of the beliwether 30- /pound exchange rate have all combined to help sentiment in

Since the company was estab-lished, Hanson has each year in-"Greenspan's comments were creased its earning per share, a goal positive. They kind of steadied up a foremost in management's thinkmarket that had started to get ing according to Mr. Taylor, who weak," said S.E. Canaday Jr., vice coordinates British operations and president in charge of pricing new-plots acquisition oo this side of the issue bonds at John Nuveen & Co. Atlantic. Much of that earnings growth

statement be made was that he has come through a barrage of sucwasn't about to raise the discount cessful, self-financing acquisitions. rate," Mr. Canaday said. "What he The concern now among market really meant was that he didn't feel watchers is whether Hanson has a major tightening of credit was become too big to continue expanding at a significant rate.

"Hanson's main weakness is its ident of the PNC Financial Corp. in size: It's so big," said Mark Shep-Pittsburgh, said that with an unempard, who follows the company for ployment rate moving close to 5 the London brokerage Phillips & percent and 83 percent of factory Drew. "For any further acquisition capacity in use, the inflation threat to have a positive effect on profits, was sufficient for the Fed not to it will have to a megabid; we're

Finding a target of that size, par-It would prefer a growth rate of ticularly in Britain, from which 60

entral bank could dampen growth. Mr. Taylor, who joined Hanson Many investors concur with such PLC from Dow Chemical U.K. in 1969 and became one of two vice vestments to short-term securities chairmen of the group this April, whose prices fall less in periods of says that Hanson, for the moment, rising interest rates than those of has plenty to "digest" from earlier longer-term issues.

Edward Sport, a portfolio manager at Siebel Capital Management in U.S. conglomerate Kidde Inc., up to

But Hanson, he said, has no when interest rates were lower." He plans to back off from expanding estimated growth of 3 to 4 percent in current operations through capital Mr. Taylor said he was weary of

largest industrial group. "First of all, there are many small- or mid-sized companies to look at from an add-on point of view. There are a whole range of bid possibilities we're inter-

for June posted a 0.4 percent rise. value to the business in question." The dollar surged after the trade report, but its rise gave only a slight company, with an excellent balance (UPI, NYT) change reasonably quickly - and

gold, he said. But the adoption of the commodity price index could

be a "small but very significant step

forward in this convergence pro-

If a country's carrency was

hand, insist that the commodity

index must not be used as a yard-

Nevertheless, a senior European official said the policy coordina-

ing going beyond peer pressure."

Such a system is already working

quite well inside the 12-nation Eu-

much more difficult between the

three major areas represented by

One of the obstacles to defining

responsibilities under the new sys-

tem is that there has been no agree-

ment among the seven countries on

bow to share the burden of elimi-

nating the U.S. trade deficit and

German and Japanese surpluses, he

And the United States' partners

are aware that not much more can

be done until after the U.S. elec-

tions, when the new American ad-

ministration will have to decide

Treasury Bonds

U.S. Consumer Rates

Tex Exercit Books Book Seyer 28-Book Index

hos's 7-Day Average

Book Mother Mortel Accounts

Home Harlage, PHLE grand Source : Hew York Times.

Meety Market Funds

July 15

7,77%

4.53 %

577%

1534 %

(Continued from first finance page) But its composition is much less

important if it is only another analytical tool in addition to the other economic indicators already used by the seven countries.

Those governments that see the indicators simply as aids to reflection said their position was accepted in Toronto. The summit communiqué said the seven countries welcome the progress made in refining the analytical use of indicators, as well as the addition to the existing indicators of a commodityprice indicator."

The existing indicators include standard economic measurements stick for currency values and that such as national growth rates, inflation, unemployment, trade and dobrought about only by "peer pres-sure," not automatically. mestic demand figures.

The commodity price index is intended "to inform discussion along with the other indications," the British official said. "I don't tion process now under way "can be seen as surveillance in the makthink there has ever been any attempt to build a policy rule around

The two major countries with trade surpluses, West Germany ropean Community but would be and Japan, are particularly op-posed to the idea that there should be a "mechanical" link between the the G-7 - North America, Europe indicators and national economic and Japan — where the economic imbalances are much greater. policies, requiring automatic policy corrections if the indicators showed an economy deviating from its expected path.

Germany, especially, fears that it could be forced into adopting policies, to speed up its growth rate for instance, that would be politically macceptable at home. Officials of some of the countries with deficits, however, would like to use the indicators for precisely such a purpose. At the same time, some Reagan administration officials would like to use the gold and commodity inhow it wants to take the process

currency values. Alfred H. Kingon, U.S. ambas-sador to the European Community, said the next step in the economic coordination process should per-haps be to find "a better measuring device," a universal standard to determine when currencies were

veering off the mark."

dex not just as an analytical device

but as a yardstick for measuring

The reference device need oot be

World Bank Earned \$1 Billion in Fiscal Year New York Times Service

NEW YORK - The World Morgan Guaranty Trust Co. of Bank earned \$1 billion in the year New York's syndicate manager, Joe McHale, said that "it scored a ended June 30, despite a sharp innine on the Richter scale of borecrease in loan-loss provisions and dom" last week. Uncertainty about the forgoing of interest on about \$3 billion in loans to eight countries.

the trade report and its impact on the dollar as well as anticipated But a \$421 million increase in increased interest rates sidelined loan-loss reserves, to \$500 million. contributed to a drop in earnings from \$111 billion.

that's what any management team must be about - and this generally

comes through the bottom line." He said the group's balance sheet was in good form, with net cash

running at £500 million per year after dividends. What Hanson has done to near perfection is to acquire unwieldy and often poorly managed companies in mature, basic industries at an

For any further acquisition to have a positive effect on profits . . . we're talking about billions of pounds.' Mark Sheppard,

London analyst

opportune time and then to dispose of pieces of those companies at a price that will offset the original cost and leave the core, high-yield busi-nesses under the Hanson umbrella. A case in point: This month's £199 million sale by Hanson of HP

Foods Inc. and Lea & Perrins Inc., the makers of two major British con-diments, Worcestershire sauce and HP sauce. This sale, to BSN, France's largest food company, was the last major disposal of food and drink assets Hanson acquired in its contested £2.54 billion takeover of Imperial Group PLC in April 1986.

Combined with, among others, the spin-off of Courage brewers to Australia-based Elders IXL in November 1986 for £1.4 billion; the sale in February of the frozen food maker Ross & Young to United Biscuits (Holdings) PLC for £335 million and the sale of various catering companies to the Trusthouse Forte PLC hotel group for £189 million, it has put the total amount recouped at about £ 2.31 million and left intact Imperial's core tobacco business.

Analysts expect Imperial's to-bacco earnings to contribute about £180 million to Hanson's profit in the fiscal year ending Sept. 30.

After the 14 percent rise in pretax profit for the first half to £356 million, analysts expect Hanson to post a full-year pretax profit of £835 mil-lion to £860 million, up sharply from £741 million a year earlier. Other than tobacco, Hanson's main divisions include consumer goods, contered on electronic typewriters and Eveready batteries; industrial prod-ucts, centered on chemical and brick-making units; and building products.

Hanson has recouped more than the acquisition price in two other major takeovers: its January 1986 purchase of the New York-based SCM Corp., the Smith Corona electronic typewriter group, for \$927 million, and its November 1986 purchase of the California-based Kaiser Cement Corp. for \$250 mil-

"Kaiser and SCM cost us \$1.2 billion, but we've realized more than that cost from sales that we've **COMMODITIES:** G-7 Divided made, totaling \$1.3 billion," Mr. Taylor said. "We have remaining three excellent businesses, which

ADVERTISEMENT

CASIO COMPUTER CO., LTD.

The undersigned announces that as Iron 25th July 1988 at Kas-Associatie N.V., Spoistrast 172, Amsterdam, div. ep. at 27 [accompanied by en "Affidavit"] of the CDRa Cassio Companier Co., Lad. will be psyable with Dfla. 18,10 act per CDR, repr. 1000 sha. and with Dfla. 181,— net per CDR, repr. 1,000 sha. (Div. per record-date deduction of 15% Japanese tax = Yen 210 = Dfla. 3,19 per CDR, repr. 1,000 sha., Yen 2,100 = Dfla. 31,50 per CDR, repr. 1,000 sha. Without an Affidavit 20% Jap. tax = Yen 280 = Dfla. 3,20 per CDR, repr. 1,000 sha. Yen 2,800 = Dfla. 42,50 per CDR, repr. 1,000 sha. Yen 2,800 = Dfla. 42,50 per CDR, repr. 1,000 sha. Yen 2,900 = Dfla. 42,50 per CDR, repr. 1,000 sha. arch in accordance with the Japanese tax regulations. shown to be moving away from its predicted course, the government concerned would take steps to correct the deviation by economic po-licy actions, such as reducing taxes or balancing its budget, Mr. Kingon said. But there would not be target zones for exchange rates, backed by massive intervention. European officials, on the other economic policy changes should be

regulations.
AMSTERDAM DEPOSITARY Ameterdans, 7th July, 1988.

million trading profit."
But doesn't that all add up to

asset striping?
"Absolutely not," Mr. Taylor responded. "We've never sold assets Britain have been known to get boceded in any business. We've sold

whole businesses to people who valued them more highly than we do, which is only appropriate." He said Hanson regarded the U.S. market "as more of a sellers" market than a buyers' at the moment," suggesting that the focus would continue to be on disposals. He said, however, that Hanson always had a receptive ear to acquisition proposals and confirmed that

during the latter's bid to take control of Texaco Inc. "We've got an awful lot to do with Kidde, and will perhaps dis-pose as much as a third of it," Mr.

the group was approached by Carl C. Ichan, the American investor,

Taylor said. "We've already realized some \$100 million from Kidde disposals," he added. "Kidde has strong brand names, Jaccuzzi and Universal among them. We have no need to sell, and will sell only if offered a price Lord Hanson and Sir Gordan, retire that is more than we expect to be able to move the business towards over a reasonable amount of time."

Hanson executives have insisted Such doubt has contributed to the that much of the secret of their dull performance of Hanson's success has been leaving day-to- shares in recent months, which have day control in the hands of local hovered at about 130 to 145 pence igers. Sir Gordon has said that on the London Stock Exchange. the guy who makes the money for the company is the guy who runs

utives in London and the two doz- believed that it was a good idea in a en or so in New Jersey is to scruti- commetitive environment to create nize budgets and examine the beirs apparent. return on capital employed. Of the return on capital employed. Of the 12 members of Hanson's board, six are already doing substantial jobs;

are certified accountants.

together produce an effective \$300 team and that demands that we aren't in business of second-guess-ing people running business," said Mr. Taylor.

Hanson division managers in nuses equal to 100 percent of salary "We try to ensure that they know they will benefit in cash if shareholders benefit," Mr. Taylor said. Aside from the concern that Han-

We've sold whole businesses to people who valued them more highly than we do, which is only appropriate.

Martin G. Taylor, Hanson vice chairman

son has become too large, analysts worry about what will happen when the two gray-haired commanders Has Hanson become a two-man show, with all the risks attached of

"James and Gordon have no plans to retire for four or five years," said Mr. Taylor, "People The main job of the 35 top exec- always ask us about it. We've never

We've got a very small central ball."

U.S. \$75,000,000

IC Industries Finance Corporation **Guaranteed Floating Rate Notes due 1991**

Notice

n accordance with the provisions of the Notes, notice is hereby given that for the interest Period from July 15, 1988 to January 13, 1989 the Notes will carry an interest rate of 8*Yin% per annum. The interest payable on the relevant interest payment date January 13, 1989 against Coupon No. 19 will be U.S. \$44.55.

By: The Chase Manhattan Bank, National Association, New York Fiscal Agent



TRANSPACIFIC FUND

Société Anonyn 14, rue Aldringen - Luxembourg Begistered office Section B no. 8576

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of TRANSPACIFIC FUND will be held at its registered office, 14 Rue Aldringen, Luxembourg, on Tuesday, July 26th, 1988 at 11:00 a.m. to discuss and vote upon the owing agenda: 1. The report of the Board of Directors for the financial

period ended 31st of March 1988;
2. The report of the auditor;
3. The accounts for the financial period ended 31st March

4. The allocation of the net profits, and the determination

of amount and date of payment of the dividend;

5. Quitus of the directors and the auditor for the financial period ended 31st March, 1988;

6. Statutory nominations;

7. Other matters.

The resolutions on the agenda of the Annual General Shareholders Meeting do not require a specific quorum and will be adopted if approved by a majority of the shares present or represented.

To attend the Annual General Shareholders Meeting of July 26th, 1988 the rames of owners of registered shares abould be recorded in the company's register of stockholders five working days prior to the Meeting and owners of bearer shares should deposit their shares at least five working days prior

to the meeting with one of the following banks: BANQUE DE NEUFLIZE, SCHLUMBERGER, MALLET

3, Avenue Hoche, Paris 8⁶; ALGEMENE BANK NEDERLAND N.V.

32, Vijzelstraat, Amsterdam; BANK MEES & HOPE N.V.

548, Herengracht, Amsterdam C; BANQUE GENERALE DU LUXEMBOURG S.A. 14, Rne Aldringen, Luxembourg; -SOCIETÉ BANCAIRE BARCLAYS (SUISSE) S.A.

THE BOARD OF DIRECTORS

115.2



Jarden Morgan Europe

68-70 boulevard de La Petrusse, 2320 Luxembourg

The Directors of Jarden Morgan Europe have announced a Net Group Operating Profit after tax of US\$ 7.7 million for the period from date of incorporation 8th May 1987 to 31st March 1988.

A final dividend of 10 cents per share has been recommended by the Directors and, if approved by shareholders at the Annual General Meeting to be held in Luxembourg on 25th July 1988, will be paid to shareholders.

The principal activities of the group are corporate advisory services, investment banking, stockbroking and international trust and corporate management. The Directors are pleased to report that operating subsidiaries have been established in

London, Gibraltar, Jersey and Pans. Trading conditions and performance levels have been maintained since 31st March 1988, and, barring unforeseen circumstances, the Directors are confident that comparable 1988 results will be exceeded in the current year.

US\$ 7.7
30.8
2.27
56.6

Dividend per Share (Cents) **USTED IN LUXEMBOURG AND NEW ZEALAND**

Total Assets (\$ millions)

For further information and copies of the Report and Accounts please contact: Wayne V Reid, Jarden Morgan Europe (UK) Ltd

1-11 Hay Hill, London W1X 7LF Telephone: 01-493 3003

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A ANTONIA ANTO

Citicorp Move May Signal Tarnished Gilt Market

LONDON —A decision by Citi-corp to end its market-making op-erations in British government bonds may lead to a shakeout mong primary dealers in the secuities, analysts and traders said.

Citicorp Scrimgeour Vickers Se-cutities Ltd. ceased market making in the bonds, known as gilt-edged securities, on Thursday night, say-ing it could not achieve an accept-able rate of return in the competitive London market. Fifty-six staffers were affected, but Citicorp said it hoped it could absorb them

Citicorp's withdrawal comes as the overcrowded gilt market prepares for new competition from two leading Japanese securities houses Norma International Ltd. soon. Primary dealers' profit mar-gins are also being squeezed by low

A Citicorp spokesman denied based, firms may have difficulty any relationship between the with justifying their commitments as primary dealers in London. drawal and the pending entry of Nomura and Daiwa.

News of the withdrawal was disturbing for many primary dealers because of Citicorp Vickers' top ranking in the market.

Market analysts said they thought Citicorp controlled 6 to 10 percent of gilt trading, and its overall market share earned it the No. 3 spot in a primary dealer ranking issued last spring by the U.S. consulting firm Greenwich Associates.

"There could be a knee-jerk reactwo leading Japanese securities biouses Nommra International Ltd. and Daiwa Europe Ltd., which are the to start trading in London senior gilt salesman said.

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

But for others, Citicorp's with-drawal was seen as a sign that for-eign-based, and particularly U.S.-the decisions are made overseas."

Primary dealers are licensed to deal directly with the Bank of En- seven U.S.-based primary dealers gland and are required to make on the continuous two-way prices on the full range of gilt-edged securities

Rumors of layoffs and potential withdrawals began surfacing in

"There's been talk that [Citicorp] suffered some significant trading losses earlier in the year, but whether that's true, this seems to indicate something about their general com-mitment to the market," one econ-

"Citicorp may be evidence that

market share is not the key to profitability," another analyst said. Less than half of the remaining

May with a sharp drop in gilt-market activity. Volume has recovered slightly, analysts said, but a British borrowing surplus is expected to inhibit new bond issues for the rest

omist said.

"Like other American firms, Citicorp was viewed as having high overheads, expensive talent and a rather sophisticated technology systems."

of the year.

Of the original 27 primary dealers licensed by the Bank of England with the so-called "Big Bang" deregulation of London's financial markets in 1986, only 22 remain in operation.

WORLD STOCKS IN REVIEW / Via Agence France-Presse

Amsterdam

After a midweck fall, prices on the Amsterdam Stock Exchange re-covered with the ANP-CBS general index closing at 266.6, off just 2.9

index closing at 266.6, oil just 2.9 points from the previous Friday.

For most of the week, the market took a wait-and-see attitude toward interest rates and the U.S. trade figures for May, then responded warmly to the moderate U.S. deficit. Prices moved ahead strongly on a broad front, with AKZO in the vanguard, led by a strong dollar sharply up on good strong dollar sharply up on good

Total turnover reached 5.606 bil-lion guilders, against 6.510 billion the previous week.

Frankfurt

Stocks declined for the first three trading days, then recovered somewhat Thursday and Friday, with the Commerzbank index closing at 1,494.8 points, off from 1,507.3 a

Volume on the eight West Ger-man exchanges came to 17.5 billion DM, up from 17.3 billion.

The market was depressed early in the week by profit-taking and uncertainties about interest rates. It rallied as the feeling grew that the Bundesbank would not raise rates. Electronics were hurt by forecasts

of an impending slowdown of the West German computer market. Nixdorf lost 6.50 DM to 452, Siemens 1.50 to 431 and PKI 3 to 597. Asko, a distribution company, jumped from 914 to 950 on good

earnings, while Feldmühle Nobel, in chemicals, paper and explosives, lost 24.50 to 271.

Hong Kong Trading was sluggish as investors awaited the U.S. trade figures, released after the close Friday.

Gains early in the week on Wall Gains early in the week on Wall Street belped the Hang Seng Index hit a post-crash high of 2,772.53 points Tuesday. It fell 28 points Wednesday and closed Friday at 2,740.70, off 12,20 for the week. The broader based Hong Kong Index fell 8:11 points to 1,811.61.

Average daily numover continued downward trend to 1,037 hillion previous Friday. Hong Kong dollars after the previ-ous week's 1.065 billion dollars.

London

9% 5%

A particularly dull week saw the in a new electronic system that Financial Times 100-share index halted trading several times. decline 15.7 points to 1,861.5. The Straits Times industrial in-

stocks providing the only bright points for the week spot Monday, continuing a strong advance after announcement a few Chong Motors, Kep

days earlier of a major arms deal with Sandi Arabia.

there was little follow-through. there was little follow-through. Thursday, statements by Chancellor of the Exchequer Nigel Lawson hinting that further U.K. interest rate rises might be necessary depressed an already uncertain market. Friday, the U.S. trade figures limited earlier losses and the indices finished the week with a slight fall.

A spate of takeover rumors attected the electrical concern BSR, the merchant bank Morgan Grenfell and the food group Ranks Hovis. British Aerospace, in which trading had been suspended Wednesday pending a statement concerning the acquisition of Rover, fell 5 percent Friday, then moved ahead strongly toward the end of the session.

The key market indicator, the Nikkei stock average, closed the week Friday at 27,913.79 yen for a 3.29 yen weekly loss after a 554.56 yen gain the week before.

The exchange's composite index of all stocks listed on its first section fell 11.59 points from a week earlier to close at 2,186.42. It had gained 48.94 yen the preceding

Milan

Stocks marked time, with the Comit index closing at 510.24, up from 509.51 the previous Friday. Daily volume averaged 145 billion lire, up from 138 billion.

Trading was quiet until Friday. when it was reported that the Fer-ruzzi Group had sold the Standa department store chain to Fining vest. While there was no official confirmation, the Ferruzzi subsid-Standa depends, finished 2.6 per-

cent higher, with Standa shares up a modest 0.8 percent. Other Ferruzzi Group shares fell: Montedison by 3.6 percent and Ferruzzi Agricola by 23 percent.

Bourse prices fell markedly in a holiday-shortened week on fears the
U.S. economy was overheating and
generally higher world interest rates.
Even a quarter-point drop in the
Bank of France's money market
intervention rate did not help and the CAC index ended the week at

354.1 points, down from 368.5 the

Singapore
Trading ended the week on a positive note, despite breakdowns

week began with military-related dex closed at 1,130.96, up 37.29

Popular issues, such as Tan Chong Motors, Keppel Corpora-tion Warrants and DBS Land, continued to head the active list.

Tuesday the oil sector was depressed by a fall in crude prices. Wednesday saw a good rise on incompared with an average of 170 creased speculative activity but million under the old system.

Tokyo

Share prices fell slightly on the Tokyo Stock Exchange in heavy but erratic trading centering on rel-atively low-priced blue chips such as steel, shipbuilding, shipping and high-technology issues. A spate of takeover rumors affect-

The key market indicator, the Nikkei stock average, closed the week Friday at 27,913.79 yen for a 3.29 yen weekly loss after a 554.56

NYSE Most Actives

gained 48.94 yen the preceding

The week began on a bullish note with the Nikkei gaining 68.91 yen. Monday and 113.85 on Tuesday, as investors reacted favorably to reports that the central banks of the

major Western nations had reached agreement on ways to stabilize foreign exchange rates. On Tuesday the Nikkei average

rose to the 28,000-yen level for the first time since June 20, ending the day at 28,099.84, and held above it Wednesday and Thursday. But it fell back 170.29 yen Friday as many investors retreated to the.

sidelines ahead of the announce-

ment of the U.S. trade figures. Zurich

Stocks dipped slightly for the week, with the Credit Suisse index finishing at 471.1, off from 475.0. Chemicals, analysts said, should enjoy a good rise this week as two leaders, Ciba-Geigy and Hoff-mann-La Roche, announced very good earnings for the first half. Industrials, especially machinery, were expected to be strong, too, helped by the dollar's strength.

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Wall Street Review

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MONDAY SPORTS

Mod Couples: Naughty, Nice

By Peter Alfano New York Times Service NEW YORK - Pssst. Have

you heard? Mark and Brigitte are splitsville, just like the Boss and Julianne. Gastineau and Nielsen seemed so right for each other too, a hunk and a hunkette, pumping iron till death do us part. It lasted six months.

And surely you've heard about Wade Boggs. He is being sued for \$6 million for breach of contract by a woman who says she was his constant companion on road trips. Boggs, who is married, admitted to having an affair with Margo Adams, whom his agent ocw accuses of "prostitution and extertion."

Not at all by the way, superstar Wayne Gretzky got married Saturday. There were perhaps a half-dozeo people in North America who did oot attend. Gretzky and actress Janet Jones are hockey's versioo of Charles

And did you think that you would see the day when Robin Givens and Madonna had something in commoo? Both, it seems, married pugilists. The difference is that Mike Tyson gets paid to fight; Sean Penn gets arrested. Sports is not immune from the

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issues confronting the real world, as player strikes, racial tension and drug problems amply show. But whatever happened to the all-American boy who married the homecoming queen and settled in suburbia, with two children and a dog named Slam Dunk?

Sure, there has always been glamorous side to sports. Joe Di-Maggio married Marilyn Mooroe, and that's as glamorous as it gets. For the most part, though, wives of professional athletes were rarely seen or heard.

Although that may still be the rule, there now are enough ex-ceptions to place athletes on equal footing with rock stars and actors in the celebrity pecking order. People magazine recently featured Tyson and Givens oo the cover in a romantic_pose, while reports about Bruce Springsteen's separation from his wife, actress Julianne Phillips, played secood fiddle.

Mark Gastineau's brief fling with Brightte Nielsen — Sylvester Stallone's former wife — introduced the New York Jet defensive end to a new audience, making him a fixture on the gossip pages.

Darryl Strawberry's marital

problems were front-page news for some papers. Keith Hernandez talked openly about his di-



Wayne and Janet: A thumbs-up wink after Saturday's ceremony. fined to just the sports pages.

vorce, which was especially acri-

monious. Some details of Chris Evert's marriage, separation, reconciliation and divorce from John Lloyd were better known than her results on the tennis court.

There are other high-profile marriages and relationships as well. Jimmy Connors's wife, Patti. posed in the nude for a reputable magazine, as did Gretzky's fiancée. John McEnroe and Ta-tum O'Neal are not exactly the low-key couple of the mooth. Then, there are Nancy Lopez and Ray Knight, and Robert Se-guso and Carling Bassett, mar-

riages of athletes. Ron Darling's wife is a cover-girl model and Ron Greschner, the quiet New York Ranger defenseman, is married to Carol Alt, a top model whose picture has probably been in Sports Illustrated more often than her husband's. Exposure and big money have made sports figures part of the jet

set, their lives like open books. Television also has brought athletes into our homes oo a reg-ular basis. It used to be that the only way to see DiMaggio or Babe Ruth or Willie Mays was to go to the ballpark. As more and more women become interested in sports, the recognition factor of an athlete increases accordingly. They will tend to be portrayed more as sex objects, too.

What's more, athletes are no longer put on pedestals by the oews media. In the good old days when salaries were low and many athletes worked during the off season, sportswriters were more inclined to be protective. These were role models.

Ironically, Jim Bouton, the former New York Yankee pitcher, probably had more to do with the ending of that era than did any sportswriter. Boutou's book "Ball Four" was a behind-thescenes look at the world of a pro athlete. Bouton was ostracized for writing a book that would be labeled a kiss-and-tell book today, hut that was intended to be a boys-will-be-boys account of life on the road.

The material in "Ball Four" is mild compared to what has been written since and what now appears in newspapers almost daily. It is not a perfect world, even for role models. And as those with inquiring minds already

WEATHER

ola Gets Hi. Twins Def Sisters-in-Law Set World Track Marks at U.S. Trials

Compiled by Our Staff From Dispatches INDIANAPOLIS - In less than

an hour Saturday, Jackie Joyner-Kersee and her sister-in-law, Florence Griffith Joyner, smashed world records at the U.S. Olympic track and field trials.

For the third time in 24 months, Joyner-Kersee broke the world record for the heptathlon. She did it despite a gashed hand.

in the second of four rounds of the women's 100-meter dash, the 28-year-old Griffith Joyner won her quarterfinal in 10.49 seconds. She won hy almost four meters (4.3



Jackie Joyner-Kersee

yards) as she bettered Evelyn Ashford's 1984 world record of 10.76 seconds by a whopping 27-hundredths of a second

The reading from the anemometer, the gauge that reads the following wind, was reported at 0.0, which meant the record was legal. Flags flying above the scoreboard were waving briskly, however, and a triple jump at almost the same time showed an excessive following wind. But officials said it was a crosswind that did not affect the time; representatives of wind-measuring device said it was tested after the race and found to be working properly.

Griffith Joyner won her first 100-meter heat in 10.60, but it could not be considered for a record because she had an aiding wind of 3.2 meters a second, or 7.15 miles an hour. For record purposes, the limit is 2 meters a second. Ashford won her heat comfort-

ably in 11.01 seconds, wind-aided. The 26-year-old Joyner-Kersee, coached by her husband, Bob Ker-see, is a world-class athlete in the long jump and the 100-meter hurdles, and she is close to that level in other events.
She started the day with 4,367

points for four heptathlon events, the highest first-day score in history (she had won Friday's 200-meter sh in 22.30 seconds, a heptathlon world record.) The first of her three events Saturday was the long jump. She fouled her first jump, a 24-

footer (7.28 meters). Then, jumping into a wind, she made a safe jump of 22 feet 8 inches, a meet record on her second attempt and improved the record to 22-11% on her third and final attempt. On her second jump, as she

reached out before landing she spiked the inside of her right thumb. The wound hled and she seemed to be in pain, but she said it

ond throw of 164-2 was only 2 inches short of her career best. That meant she had only to run the con- 114 in Indianapolis in 1985. cluding 800-meter race in 2 minutes 24.95 seconds to break the world record. She finished well under that time in 2:20.70.

Carl Lewis clocked a wind-aided

9.78 in the men's 100-meter final, the fastest time ever under any conditions. Lewis ran with an excessive following wind, so his time could not be considered a record.

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Australia Holds New Zealand, 19-19, in 2d Rugby Test

James Grant cut inside New Zealand's Joe Stanley for the second of Australia's two tries Saturday in Brisbane; Ian Williams had scored the first one, Andrew Leeds converted the second and kicked two penalty goals, and the underdog Wallabies had a 16-6 lead at halftime -- after losing the first test, 32-7, on July 3 in Sydney. But the All Blacks surged back to force a 19-19 draw. After a try for Michael Jones and Grant Fox's conversion in the first half, Terry Wright scored, Fox converted and kicked a penalty goal, and John Kirwan tallied a try after Leeds's third penalty. Fox muffed the crucial conversion, so the third test, in Sydney on July 30, will decide the series.

jump final, Willie Banks made the minutes 12 seconds, slow but credit-She looked strong in her next longest jump ever — 59 feet 3 inch-went, the javelin throw. Her sec- es, but an excessive following wind It was the second day of the nineevent, the javelin throw. Her sec- es, but an excessive following wind meant it could oot be a record. Banks set the world record of 58-

In the men's 400-meter heats, Tim Simon's time of 45.46 seconds was the fastest. The other qualifiers included Butch Reynolds, the "I feel very happy, very pleased bronze medalist in the 1987 world 840 was time, and an industry with my performance. When I go to championships, in 45.78, and U.S. Olympic team.

Oo Friday night, Mary Decker

Oo Friday night, Mary Decker champion, in 45.93.

The men's 20-kilometer walk, a sojourn mostly on adjoining streets, season because of injury, won her began at 9 A.M. It was cruel because heat (9:04.35) of the 3,000 meters the temperature was 82 degrees Fahrenheit (27.7 degrees centigrade) ot be considered a record.

and the humidity was 85 percent. Al, the 1984 Olympic triple jump
On the first jump of the triple Gary Morgan won in 1 hour 34 champion who is married to Flor-

ence Griffith Joyner, failed to make

day meet at the Indiana University Track Stadium near downtown In dianapolis. The only final on the opening day was the men's shot-put. Randy Barnes (71 feet 91/2 inches) won, Gregg Tafralis (68-6) was second and Jim Dochring (67-814) was third, and all made the

Slaney, back after missing the 1986 season to have a baby and the 1987 as did Vicki Huher (9:06.62). Joyner-Kersee's younger brother,

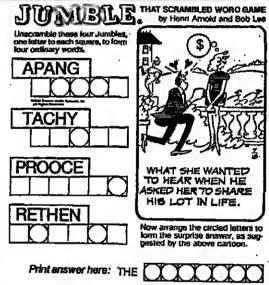
the 1988 Olympic squad, placing fifth Saturday. Delighted with her performance,

Joyner-Kersee was disappointed with her hrother's. "It hurts to see him not making the team," she said. "We're family. It burts a lot."

Among the day's other notable casualties were triple-jumper Michael Conley, who won silver med-als at the 1984 Olympics and 1987 world championships but finished fourth here; heptathlete Jane Frederick, the world championship hronze medalist, who finished fourth; and sprinter Joe DeLoach, who ran the 100 in 10:03 earlier this year hut was fifth in the final Satur-

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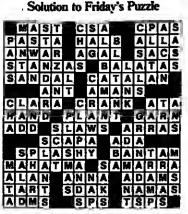
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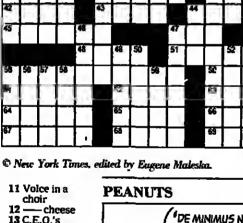
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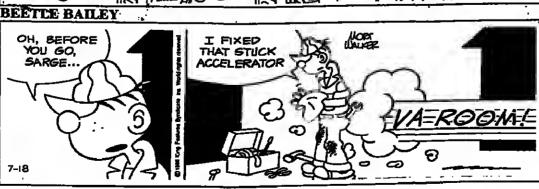
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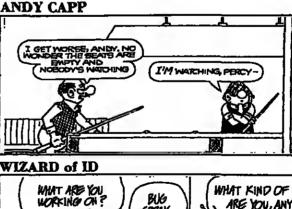










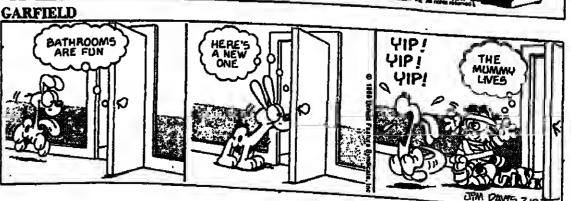


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Viola Gets His 15th Victory As Twins Defeat Orioles, 7-2

The Associated Press

RALTIMORE — Frank Viola lead the Phillies over Houston. Louis, Eric Show pitched a five-leading Schmidt also hit a home run, the hitter, striking out six and walking won his American League-leading 15th game, allowing five hits in five 538th of his career. mings on a imaggy Sunday as the finnesota Twins defeated the Balmore Orioles 7-2 Viola improved his record to 15-

2 hehind two-run homers by Greg

SUNDAY BASEBALL

Gagne and Kirby Puckett and a selection by Gene Larkin. Greg laddux of the Chicago Cubs is the larky other pitcher in the major leagues to win 15 games this sea-

Viola allowed two runs in five innings. The left-hander is now 6-0 with a 1.25 ERA over his last six starts, and the Twins are 17-3 in games started by Viola this season. The victory made Viola the cartiest 15-game winner in Twins histo-

ry. In the 1970 season, Jim Perry won his 15th game on July 22. Viola was in trouble once, as the Orioles loaded the bases in the fifth

with nobody ont.

Mark Portugal relieved Viola in
the sixth and pitched two-hit ball the final four imnings to earn his second save.

Red Sox 10, Royals 8: In Boston, Pilis Burks drove in five runs with a home run, a triple and a double as the Red Sox completed their firstever four-game series sweep of

Staked to a 7-0 lead in the first two innings, Boston starter Wes Gardner scattered six hits, including a two-run homer by Mike Macfarlanc, for six innings.

Ysakees 7, White Sox 3: In New York, Ron Guidry pitched one-hit ball for five imnings for his first victory since Sept. 5 and Don Mattingly continued his second-half surge with two hits for the Yankees. Dave Winfield went three-for-

twice in New York's 12-hit attack. Reds 3, Expos 1: In the National League, in Montreal, rookie Jack Armstrong allowed two hits in seven innings and Paul O'Neill hit a

four, Jack Clark drove in two runs

and Rickey Henderson scored

two-run homer to pace Cincinnati.

Dodgers 4, Cubs 1: In Chicago, pinch-hitter Franklin Stubbs's three-run homer in the seventh lifted Los Angeles over the Cubs in the first game of a doubleheader. Philies 10, Astros 4: In Philadel-

phia, Mike Schmidt's three-run triple sparked a five-run sixth inning and Ricky Jordan homered in his

burgh, Barry Bonds hit a tie-breaking, two-run pinch homer in the Bob Ojeda allowed five hits in eighth to help the Pirates extend

tory since the All-Star break.

one, as San Diego won its third of Pirates 5, Giants 4: In Pitts-four games with the Cardinals. Mets 4, Braves 2: In Atlanta,

their winning streak to nine games.

The winning streak is the Pirates'
In Teutel homered to power the longest since they won nine in a row from June 20-27, 1983. San

Francisco remains without a vicince the All Sevential and Darryl since the Sevential and Darryl since the All Sevential and Darryl since the si lined a soft single to left just out of the reach of shortstop Kevin Elster.

Birthday Boy Pendleton **Helps Cards Stop Skid**

time in 14 games.

with his first major-league home run as the Red Sox rallied from a

six-run deficit to nip Kansas City.

Tigers 10, Angels 1: In Anaheim, California, Jeff Robinson allowed four hits over eight innings and Matt Nokes and Gary Pettis ho-

Athletics 4, Blue Jays 1: In Oak-

land, California, Storm Davis

threw a six-hitter through seven in-

nings and Jose Canseco drove in

three runs to lead the Athletics.
White Sox 7, Yankees 4: In New
York, Fred Manrique had three
RBIs and Steve Lyons two as Chi-

cago held on to defeat the Yankees.

home runs by Kirby Packett, Greg Gagne and Gary Gaetti paced

Brewers 4, Rangers 3: In Arling-ton, Texas, Robin Yount's homer

Joe Carter and Ron Washington

each drove in three runs and Bud

Black threw a five-hitter as Cleve-

land snapped a six-game losing

to its sixth straight victory.

Twins 4, Orioles 3: In Baltimore,

mered to spark a five-run fifth.

ST. LOUIS — Pinch-hitter Terry Pendleton'a ninth-inning double drove in the tying run and Luis Alicea's single scored Tom Lawless with two outs as the Cardinals beat

SATURDAY BASEBALL
San Diego, 3-2, Saturday night to

San Diego, 3-2, Saturday night to

and an eight-game losing streak St. losing streak.

Louis had not lost as many as nine Red Sox 7 consecutive games since losing 10 straight in 1980.

Pendleton celebrated his 28th birthday with a smash that landed barely fair over third base to score Willie McGee. "I was playing in the minor leagues in 1983 when I got hit on the wrist by an inside pitch on my 23d birthday," Pendleton said. That put me out for the rest of the year, so I'd rather remember this birthday."

McGee led off the ninth with a single, stole second and went to third as catcher Benito Santiago's throw went into center field. After Tom Brunansky grounded

ont to third, Pendleton doubled to left. Jose Oquendo was intentionally walked and Lance McCullers reheved. Tony Pena grounded out, advencing the runners, and Tom Lawless pinch ran for Pendleton. Alicea then singled to left, driving in the winning run.

Pirates 10, Giants 1: In Pitts-burgh, Mike Lavalliere's two-run double and pitcher Doug Drabek's two-run triple highlighted a six-run third as the Pirates breezed to their eighth straight victory.

Mets 3, Braves 2: In Atlanta, Kevin McReynolds doubled home Dave Magadan with two out in the eighth to lift New York.



Leader Nick Price of Zimbabwe: Solid iron play and putting.

Price Extends Lead to 2 In a Rainy British Open

MONDAY SPORTS

Price used solid iron play and put-ting to increase his lead to two strokes after Sanday's third round

Gary Koch and of the weather-delayed British Open golf tournament,

The round was played a day late after rain on Saturday filooded greens and fairways, washing out play for the first time in 27 years. The final round was scheduled for Monday—the first Monday finish forecast called for a mixture of sunshine and rain amid strong winds and moderate temperatures.

Price, a Zimbabwean who lives

and plays most of his golf in the United States, birdied five holes and saved several pars after errant tee shots to finish 54 holes at 7-under par 206. He shot 2-under 69

Second, at 208, was defending champion Nick Faldo of England who rode a hot putter to a 68. He saved par with a 30-foot (9.12-meter) putt at the 14th hole and had birdie putts of 30, 25, 15, 30 and 20 feet on the day - but bogeyed two of the last four holes. First-round leader Seve Ballesteros of Spain was tied with Faldo after a 70.

Sandy Lyle, the 1985 champion from Scotland, was at 209 after a 67, the day's low round. Andy Bean

The Associated Press day tied with Faldo for third, skied the fairway — first a left-handed LYTHAM, England — Nick to 81-221 with two triple bogeys on hack that failed to move the ball and

Peter Senior of Australia and the two-time British Open champi-Gary Koch and Brad Faxon of the on inverted the blade of the club and United States were at 213, all with choked well down on the grip. third-round 70s. Bob Charles, the 1963 open champion here, shot a 69 for a 214 total, tying him with American Ben Crenshaw David J. Russell of England and José Rivero

of Spain.
Three-time champion Jack Nickin the tournament's 117 years. The lans blew to 75-220 and out of

Price, the runner-up in the 1982 open after leading with six holes to play, had trouble with his tee shots on a windy day but usually was able to make up for it with his iron play and putting.

At the par-3 fifth, his tee shot landed short of the green but he Sunday, taking a bogey-5 at the chipped to within eight feet and hole-in-one, Lanny Wadkins using 17th hole after blasting out of a holed the putt. At No. 6, he drove a 5-iron to ace the 206-yard (188-into the gallery and put his second meter) first hole to start a round of shot in a bunker, but hit a sand 71-215. U.S. Open champion Curwedge to within eight feet and sank for a birdie-4. At No. 7, he was in deep rough with his drive and sent to still was 4-over at 217.

After downpours flooded at least his third shot through the green, but three greens and forced abandon-putted from the fringe to save par. ment of Saturday's round, play be-

within 10 feet and holing ont.

On the eighth hole, however, he gan on time after crews began work lipped the cup on a five-foot birdie at dawn to get the Royal Lytham putt and went on to a bogey-5. But and St. Annes course in shape. Sathe ended the front nine with anoth- urday's scores were wiped out, beer birdie by putting his tee shot cause pio placements had be changed for the restart and not all of Ballesteros began the day one the golfers had gotten onto the and Larry Nelson were the top U.S. stroke behind Price but dropped a course. That meant Hubert Green, a performers (see Scoreboard) at 212, shot on the par-5 sixth hole. His tee former U.S. Open and PGA winner, as was Eduardo Romero of Argen-tina. Craig Stadler, who started the he took two shots to get back onto holes for a 2-over round of 73-220.

then a right-handed shot on which

He then birdied the par-5 sev

enth, pitching from a left-side bun-

ker to within an inch of the pin. Faldo, who won the title a year ago

with an all-pars final round, started

Sunday with a bogey-4, then birdied Nos. 2, 6 and 8 with solid tee-

to-green play that tied him with

They were one stroke in from of

Rivero, who birdied five holes on

the front nine and was through 49

holes at 3-under. Lyle and Bean

were another stroke back, Bean

The tournament also saw its first

having birdied Nos. 6, 7 and 8.

The Tour's Sweepers: Two Men on a Delicate Mission Kyalsvoll was fighting oow not

By Samuel Abt

nal Revald Tribune GUZET NEIGE, France Driving in the Pyrenees early Sunday afternoon, Philippe Pietrowski heard on the Tour de France's internal radio that two riders had fallen far behind. "I think we have customers," he said. "Maybe oot,"
answered Raymood Guilmio,
sounding hopeful. "Maybe not."
Pietrowski and Guilmin spend

and RBI single boosted Milwaukee their days with the bicycle race in Indians 8, Mariners 2: In Scattle, the voiture balai, trailing the field to pick up riders who have quit. The symbol of their work is the 15-footlong (4.5-meter) broom - a balai ounted atop their blue, 12-seat

73-71-71-215 72-71-72-215 73-76-68-216 73-75-68-216

75-72-78-217 69-76-72-217 72-73-72-217 72-71-72-217 73-71-73-217 72-71-74-217

72-71-73-216 Johnny Miller 79-69-67-217 Paul Azinger

74-73-71--210 Ken Brown

Jay Hoos Monuel Pinero Gary Stafford

"We sweep up after the race," stage in this 75th Tour de France, the overflow is moved to the flat-Pietrowski explained before SmWhen Massimo Ghirotto, an bed truck carrying their bicycles.

expected to generate business for the cast the finish live. voiture balai. It travels third from the end of the nearly 1,000 cars, trucks, motorcycles and, of course, bicycles in the race. Behind it come

74-73-73-220 73-74-73-220 75-73-72-220 72-75-73-220 72-74-75-221

72-68-81--221 71-77-74--222 75-72-75--222

73-75-75--273

station, where their team cars are the van for two years and Guilmin, 67, has been a passenger for four years. He is a commissaire, or a race

how, in the sprint finish, Robert official, and spent 18 years riding Millar of Britain and Philippe Bousecond seat on a motorcycle, lookand a police van marked fin de barely beaten by Ghirotto after course, or end of the race. they swerved back.

in the van minded not being there. closest opponents in overall

vatier of France began to take a ing for infractions, "Then I got too only a flatbed truck for wrecked cars wrong turn down a detour and were old and they put me here," he said. He is a softspoken, grandfatherly man who gives the impression that

Pietrowski, 26, has been driving

he is willing to overlook minor transgressions. As he said Sunday while the van rolled past fields "We don't miss much - just seeing green with corn and golden with sunflowers. "No bicycle race in the the radio later reported that al-though Pedro Delgado had fin-ished late had outdoord fin-

The van never moves up in the

bed truck carrying their bicycles.
Only to finish but also to finish
Or riders may be let out at a feeding within the specified time differential with the winner. Beyond that point, determined by a complicated formula, he could be eliminated even if he finished. "I'm worrying about the time de-

lay." Guilmin said to Pietrowski.
Then spectators begin to take turns pushing the rider up the long series of switchbacks as Guilmin looked on impassively. For a commissaire, pushes even unsolicited - are exactly the

sort of infraction to be on guard against. Enough of them and a rider may be fined; too many, and he can be disqualified. Whatever the number allowed Kvalsvoil must have broken the

Tour de France record. One at a time, two at a time and sometimes even three at a time, fans planted ders and on his bicycle seat and sped him up the mountain. Finally he crossed the finish in

last place, 32 minutes 21 seconds behind the winner. From 67th place he had fallen in the overall standings to 100th.

"Was he within the time limit?" Guilmin anxiously asked a finishline judge who climbed into the parked van at the end.

Assured that Kvalsvoll had been, Guilmin smiled: No riders had en-

tered the van. But, he said gloomily, "Tomorrow we'll be busier."

Roosevelt Raceway **Ends 48-Year Run**

The Associated Press

MINEOLA, New York -- Roosevelt Raceway's ownership an-nounced late Friday that the barness track is ceasing operations, saying it is near bankruptcy because of poor attendance and competition from Off-Track Betting and the Meadowlands in New Jersey.

The raceway, a Long Island land-mark for 48 years, has lost more than \$7 million during the past four years, said Charles Evans, one of the owners. "We tried everything we could to keep the track open," he said. "We just ran out of money." The closing will eliminate 900 jobs including grooms, stable personnel clerks, and concession workers.

Daily attendance averaged 6,900 in 1984 but fell to less than 3,200

to \$754,000 for the meet that ended June 15, according to Evans. The 148-acre (59.8-hectare) facility is When a panel announced that the Norwegian still had 10 kilometers of climbing ahead, the radio in Evans said there are oo plans to sell the van was reporting Ghirotto's or develop the property, which is zoned for commercial use.

BETTER STILL — Igor Polyansky set a world record of 55.00 seconds for the 100-meter

SCOREBOARD

BASEBALL

Friday's and Saturday's Major League Line Scores

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ey (7), L.Smith (7) one	d Cerone. W-5mithson.	٧
43. L-Leibrandt 5	-1(. Sv-L.5mith (12).	. 1
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New York	282 818 80x-5 9 1	
McDowell Dowle (3), Harton (7) and Salas,	
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WHEN THE TANK THE		_

ration (F), Goonte (9) and Skianer.
—Rhoder. 54. L—McDowell, 47. Sv—
sonie (11), HR—New York, Mailingly (8).
lanessela
gillingera
018 980 188—2 9 8

Leo, Atherion (7), Reardon (9) and Harper; Ballard and Kennedy, W—Leo, 6-4, L—Bal-lard, 4-7, N Rs—Minnesoto, Gaetti (20), Batti-

Key and Whitt; Stewart and Steinbach, W— Key, 4-1. L—Stewart, 12-8. Cleveland 000 805 000—5 7 1 Scotte 818 102 4650—8 12 0 Sentite

118 102 485-8 12 0
Forreti, Gordon (6), Hovens (7), Rodrigues
(7) and Allorson, Bondo (8); Moore, Jackson
(4), Schooler (8) and Volle, W-Jockson, 4-2.
L-Hovens, 1-2. Sv-Schooler (5). NRs-Cleveland, Jocoby (7). Seotile, Balboni (8).
Detroll

003 109 865-6 9 1
California
Alexander, Gibson (2), Henneman (7) and
Noless Witt, Horvey (8) and Boone, W-Witt, 7-9, L-Alexander, 6-5. Sv-Horvey (10), HRs-Detroll, Solozar (11). California, Howell (6).
MATIONAL, LEAGUE

NATIONAL LEAGUE MATIONAL LEAGUE
Les Angeles 509 708 619 1--3 9 8
Calcage 011 600 900 9--2 7 1
Volenzuelo, Peno (8), Orasco (10) and Scioscia; Maddux, Nipper (10), DiPino (10) and
Berryhilt, W.—Peno, 4-2 L.—Nipper, 1-3. Sv.—

Oreaco (4).
Clockensti see see 232-4 11 1
Mentrest 500 660 251-3 6 1
Rilo, Franco (5) and Digz, Reed (6); Docson, Parrett (8), Hesketh (8), Burke (9) and Santovana. W-Rilo, 18-4, L-Parrett, 19-3.
Sw-Franco (15), HRs-Clockensti, E.Dovis (15), Abortreal, Endorman (21).

aci, Golorraga (21). sel 308 501—5 7 2 820 668 569—2 3 1

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Ect etroit ew York exton ithusiae eveland eveland	CAN LEAN 17 Division W 53 51 46 47 46 44 29	50E 1537424345462	P. 43. 54. 54. 54. 54. 54. 54. 54. 54. 54. 54	GB 2 7 7 8½ 10½ 25½	San Pri Pittsbu LoCoi ty, Split flere. W Son Pri Clacina Mestre Brown picz: C
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586 — 523 5½ 511 6½ 471 .9½ 451 12 256 28

British Open: Third Round

MEN'S TOURNAMENTS

Andre Gornez (11), Ecuspor, det. v Nooit, France, 43, 64. Semifinois Agossi def. Lucante, 7-5, 7-5. Gornez def. Perez-Roldon, 6-3, 6-1.

Marcala Filippini (7), Uruguay, det. Jookim Nystrom (1). Sweden. 6-2. 6-3. Francesco Concellotti. Italy, def. Uda Rio-lewski (8). West Germony, 6-3. 6-1. Christian Bersstrom, Sweden. def. Karel Navacsk. Czechoplavakia, 1-6. 6-3. 6-3. Navacek, Czechoslovakia, 1-6, 6-3, 6-3. Poole Cone, Holy, def. Fernando

Filippini del. Concellotti. 24. 64. 64.

CYCLING

FOURTEENTN STAGE
(Biopac to Gezet-Neise)
(163-Kitseneters/161-miles)
1. Alassimo Ghiratta, Italy, 4:30:34
2. Robert Allitar, Britain, 2 seconds b
1. Philippe Bouvetier, France, :13
4. Ennio Vonetti, Italy, :34
5. Acertici Goyant, France, :58
6. Peter Stevenhoopen, Netherlands,
7. Anarc Serstant, Beleium, 1:49
8. Frederic Victor, France, 2:29
9. Jean-Cloude Bosot, France, 2:28 POURTEENTN STAGE). Jean-Cloude Bagot, France. 2:26 IB. Dominique Arnaud. France. 3:34

3. Steve Bauer, Canada, 3:54 4. Fabio Parra, Colombia, 5:12 5. Luis Herrera, Colombia, 7:02 1. Luis Herrero, Colombia, 7:25
Cert. Lon Theurisse, Netherlands, 7:25
Leric Boyer, Pronce, 8:34
Renon Pensec, France, 9:59
Peter Winnen, Netherlands, 10:27 16. Andy Homesten, U.S., 11:02

SOCCER

San Diese 811 900 000.

San Diese 981 182-3 8 1
St. Louis 980 888 182-3 8 1
Whitson, Ma.Davis (9), McCullers (9) and
Santiase (Car. Dayley (9), Castella (9) and
Pena. W.—Castello, 2-0. L.—Ma.Davis, 4-7.
Pena. W.—Castello, 2-0. L.—Pena. L.—Pena

(AP, UPI)

Gordon Brand, Jr. Payne Stewart Ison Aoki
Curits Stronge
Jim Benepe
Wayne Grady
David A. Russell
Tommy Armour III 73-71-68--213 David A. Russell 72-71-69--212 Tennny Armour 70-73-70--213 Jose-Maria Olaz 71-72-70--213 Chip Beck

Tom Kite Graham Marsi Ronan Rolfert

TRANSITION

ASSOCIATION.

MONTREAL—Placed Jeff Parrett, pitcher, on the 15-day disabled list. Purchased the contract of 71m Barrett, pitcher, from Indianapolis of the American Association. PHILADELPHIA—Traded Luis Agusya infielder, to the N.Y. Yankees for Amalia Carno. officher. Assigned Correno la Rea

NEW JERSEY—Extended the contract of Bob MocKinnon, assistant general monoper, through the 1988-89 season. PHOENIX—Signed Jeff Hornacek to a multiyear contract. FOOTBALL

National Football Legans ATLANTA—Signed Charles Dimary, corner-back; Philip Brown, linebacker; James Pri-mus, rumning back; Stan Ctavion, offersive Inaman; James Allillar, wide receiver, —a Carter Wiley, safety, Agreed to terms with

STEFALO-Sloper 7sks Gottern line

So far back does the voiture balai It was a rare and exciting moroll that neither Pictrowski nor ment but neither of the Frenchmen Guilmin has come within 15 minutes of seeing a finish of a daily

Italian with the Carrera team, won Covering 163 kilometers (101 Sunday's climb, for example, the miles) from Blagnac to the morning men in the voiture balai learned tain resort of Guzet Neige, the stage about it only by listening to a commercial radio statio that broad-The men in the van only heard

it happen," remarked Guilmin as ished 14th, he had outdistanced his must use his judgment."

official, and spent 18 years riding

his hold on the yellow jersey.

ed time and thus consolidated long parade and, if the last rider drops to the very rear, the van will The Spaniard leads Steven remain a few feet behind him. To

Tve seen riders weeping while they sit in the van, and I've seen some laughing with relief that it's over. Most just sit there, quiet and exhausted.'

Rooks, a Dutchman in second place, by 3 minutes 28 seconds and Steve Bauer, a Canadian in third, Delgado, a strong climber, can virtually seal victory in the tour on

Monday by doing well in the final stage in the Pyrenees. It will in-clude five of the most demanding climbs in the race, which ends July Tomorrow's a day we'll be

usually stops on the side of the road and waits for the voiture balai to arrive, although a star rider sometimes is allowed to enter one of his team's two cars.
In either case, Pietrowski helps hang the rider's bicycle on an ac-

companying truck and Guilmin performs the symbolic act of re-IISI, Walved Albert Goss, ceraniste viciose. PITTSBURGH-Signed Agran Jones, de-fensive end; Warzen Williams, running bock; James Earle and Darin Jorden, linebackers; Mark Nichols, defensive tackle, and Alike Hin-nant, light end. SAN FRANCISCO—Signed BIII Roman-ment. Illehoreter. moving the two sets of numbers each rider wears for identification. "I then try to comfort them when they get into the van," Guilmin said.
"I tell them what a hard race the

owski, linebacker, 5EATTLE—Signed Ron Mottes, fackle. Agreed to terms with Grag Gaines, lineback-er. Agreed to terms with Byron Fronklin, wide Tour de France is, and I always say that a lot of other riders have quit too." Of the 198 riders who set out July 4 in Brittany, 176 remain. "I also tell them to think of next year, when they'll have another chance. "Sometimes I help, sometimes

not. I've seen riders weeping while they sit in the van, and I've seen some laughing with relief that it's over. Most just sit there, quiet and National Hockey League
N.Y. RANGERS—Signed Doug Wicken-

usoc-- Or. Charles J. Ditte signed, effective Sept. 1. ARKANSAS-Normed Jerry Moore ossistent feetball coach. HOPSTRA-Beith Bozmon, women's lo-

N.Y. JETS—Announced the retirement of Lance Mehl, linebacker, Signed New Facolor running back, and Robble Jones, Unclocker Agreed to terms with Gary Patton, running back, Placed Chris O'Brien, placokicker, a the reserve-retired list: Russell Sheffield, de feestive lineman, on reservi-did not repor list: Gary Walker, center, on the wolved

x, resigned. JACKSON STATE—Named Howard Davis KENTUCKY STATE—Named AI Gordon sssistant basketball cooch, NAVY—Named Jack Leagyel athletic di-

esistent track coach.
PEPPERDINE—Named Kurt Schuelte PITTSBURGH-Named Larry Eirlage astent athletic director for public re elegment, Danna Santt assistant attileff

SLIPPERY ROCK-Named Jay Faster

SLIPPERT NUCK—Named Jay Foster football defensive back coach.

 TULANE—Named Perry Clark basketball coach when the school resumes its infercollegate program for the (989-9) season.

 UPSALA—Named Al Prophete soccer coach and Dean Klytkowski warren's volleyball coach.

DKLAHOMA STATE—Jim Belding, track cooch, resigned. Named Dick Wels frack coo-ch, Pete Abbey field cooch and Poul Richards

and Linda Venzon sports into

some, that may suggest a shark trailing a shipwreck survivor on a

No. 127, Atle Kvalsvoll, a 26-yearold Norwegian with the Z team, had fallen far behind on the climb to the Agnès pass.

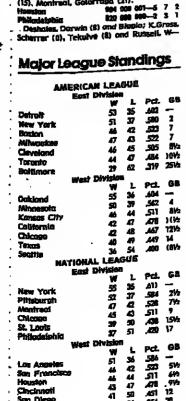
A few minutes later, Kvalsvoll

came into sight as he labored up the mountain, 1,595 meters high and rated first-category for height and steepness. A first-year professional who was far down in the overall time

still Kvalsvoll wobbled. Even the cheers of the spectators did not help him push the pedals faster. "Is he the last rider?" a spectator

If the van becomes too crowded, victory high atop the mountain.

this year. The average daily handle shouted at Guilmin. He looked declined from \$1.2 million in 1984



Desholes, 6-a, L.—K.Gross, 8-d. Sv.—Dorwin
(1), HRs.—Houston, G,Dovis (19), Bell (2).
New York
00) 19 19 6-3 7 1
Altesta
Cone, Myers (7) and Corter; Z.Smith, Sulter
(3), Assensopcher (10) and Benedict, W.—Assensopcher (10) and Benedict, W.—Assensopcher; 4-d. L.—Myers, 5-f. HRs.—New
York, McReynolds (13), Strawberry (22), AlEducate Alterbal (15): Sanloy 291 298 999—5 8 8 Gary Koch 149 628 162—8 11 1 Brod Facon (4), Godf Mth. Fred Couples (4), Godf Mth.

Son Francisco
Pittsburgh

Downs, Lefferts (5), D.Robbisson (4) and Melvin: Wolk, Kloper (4), Golf (8) and Lavalliers.

W. Kloper, 2-2, L.—Downs, 3-8, Sv.—Golf (12), Jose Rivero
NRS.—Pittsburgh, Bonds (14), Bondis (18), Bondis Rosmusen, McDovis (7) and Santiago; Tu-dar, Warrell (8), Dayley (9), Quisenberry (9) and Pena. W.-McDovis, 44. L.-Worrell, 44.

SATURDAY'S RESULTS 211 825 800-6 12 8 800 804 921-7 11 1 Bosios

Gubicza, Montpomery (A), Gleation (B),
Forr (B) and Macforiane: Boyd, Lonse (3),
Botton (A), Stanley (7), Smith (4) and Gedman. Cerone (9), W-Smith, 44, L.-Farr, 72,
HRs.—Kansas City, Jackson (12), Soston, Ev-

ons (9). Romine (1).
Terosto
Ostiond
Sile 60:—4 8 1
Sileb and Whitt: G.Dovis. Honeycutt (8).
Eckersiev (8) and Hossey. W.—G.Dovis. 7-4.
L.—Sileb, 10-6. Sv.—Eckersiev (27).
Deltroil
California
118 808 608—58 11 8
California on, Hernandez (9) and Nokes; Fra-

Robinson, Hernandaz (9) and Nokas; Fra-ser, Corbett (6), Minton (8), Cilburn (9), D.Moora (9) and Boone, D.Davis (8), W.—Rob-inson, 11-3, L.—Fraser, 6-9, HRs—Defroh, Nokas (11), Pettis (3), Whitakar (7). Chicago New York 800 000 405—4 18 3 Perez, Billiger (7), Horton (8), Thigasen (8) and Karlovice: John, Clements (6), Allen (7) of this east W. Davis (9-5), Leichn, 7-3, Sy-Perez Sirine (7) Factor (8) Allen (7) and Karlsovice; John, Clements (6), Allen (7) and Skinner, W.—Perez, 9-5, L.—John, 7-3, 5w.—Thispsen (19), HRs.—Chicore, Lyons (5), G. Walker (8), New York, Cruz (1), Missessola 280 611 128–3 7 8 8811 128–3 7 8

Taliver, Berunguer (3), Roordon (3) and Loudent's Percara, Thurmond (7), Niedenfuer (9) and Territeton, W.—Toliver, 1-1, L.—Percara, 2-4, Sv—Reordon (25), HRS.—Allanesolo, Puckett (12), Gasne (9), Gaetti (21), Bottimore, Gerhort (8), Territeton (8), Adjustable (8), Territeton (8), Adjustable (8), Compa (5), Allamballe (4), Crim (6), Allamballe (4), Crim (6). August, O. Jones (5), Alirobella (6), Crim (6), Plesoc (7) and C.O'Brien: Russell. Vande Bers (6), Williams (8) and Petralli. Stonley (7), W.—O. Jones. 4-0, L.—Russell, 8-3, Se—Plesoc (24). HRs—Milwaukee, Yourit (9). Texas, Incovipile (16).
Clevekand

KIME (13). NATIONAL LEAGUE 166 166 190 - 1 6 B

reh 386 100 00x -- 78 11 8 se, Backus (3), Garrell's (8) and Brenmon; Drabek, Jones (?) and LaVal-L-Drabek, 7-5. L-LoCoss, 7-7. NRconcisco, Mitchell (10), costi cos one one cos—1 6 1 of 010 830 281—6 0 0

Rroks (11).

New York 90 100 118-3 18 1

Alianta 98 108-2 9 1

Gooden, Nunez (7), McDowell (8) and Sasser; P.Smitt, Assenmacher (8), Alvarez (9)
and Benedict, Virall (9), W.-Nunez, 1-0, L.Assenmacher, 4-5, Sv.-McDowell (9), NR.New York, Strowberry (22).

San Diese 911 988 808-2 4 1

St. Lodis - Device (8), McCollect (9) and

Philiadelphia 319 bit was 111 bit 111

August Agusta (2), U.S. com, Jones Sven Sweden, 7-5, 6-1. Henri Lecente (6), Fronce, def. Re Agency, Haiti, 6-3, 6-4. Guittermo Perez-Raidon (9), Areas def. Thomas Muster, Austria, 6-2, 7-5.

Agassi del. Gomez. 64. 6-2. (Al Bastad, Sunda Quarterfinats

Filippini det. Cone. 24. 62. 64. Concellotti del. Bergstrom. 64. 62.

Tour de France

11. Regis Clere, France, 7:16 14. Pedro Delgodo, Sooin, 8:43 15. Roland Le Clerc, France, 7:02 OVERALL STANDINGS

of the Pacific Coast League.

All_WAUKE—Sant Mike Felder to Denver of the American Association under a 20-tay rehabilitation program.

NEW YORK—Optioned Randy Velande, infletion; in Columbus of the International League. SEATTLE—Activated Aivin Davis, first SEATTLE—Activated Aivin Davis, itrat baseman, from the 15-day disabled list. Sent Milks Kingery, outfielder, outright fo Calgary of the Pacific Coast League.

TDRONTO—Placed Pof Borders, colicher, on the 15-day disabled list. Purchased the contract of 5 of Butters, corticer, from Syrucuse of the International League.

LEAGUE—Named John McSherry umpire

Crew chiet,
CHICAGO—Waived Jim Swidbers, catcher, Activated Damon Berryhill, catcher, from
the 15-day disabled list.
CINCINNATI—Recoiled Ron Cester, secand bossman, from Nashville of the American
Association.

Carnerbocks; Robert Tyler, Hohl end, and
Derwin Jones, detensive end.
TAMPA BAY—Signed Lars Tate, running
back, is a multivear contract.
WASHINGTON—Agreed in terms with All
Half-Shelkh, slocalitater: Anthony Allen,
wide receiver; Brion Bonner, linebocker;
Clint Didler, tight end, and Mark Rypten,
quarterbock.

the Eostern League, Pk BASKETBALL

Consider Poetball Langue EDMONTON-Placed Darrion Allen, quan terbook, on the injured list. roceiver, from the practice roster.

WiNN(PEG-Added Pout Shorten, wide receiver, to the practice roster.

backer: Bernard Ford, wide receiver: Bo Wright, running back; Cartten Balley and Tom Erlandson, linebockers and Maryin Marview, cornerbock. Agreed to learns with Ba Wright, running back; Cartin Balley, line-Bo Wright, running back; Carlton Balley, line-backer, and Pele Curkendall, nose tackle. CINCINNATI—Signed Brandy Wells, Car-DENVER-Signed Freddie Gilbert, defensive and; Rich Karlis, placeklater, and Ger-aid Parry, offensive tackie.

PRINCETON-Named Beth Bozman head

WILLIAM PATERSON—Numed Tom De-

raft, but that impression is false, Guilmin said. "They recognize that we're not looking for business," he said. "It doesn't please us to have to pick somebody up."
He made his point when the tour radio announced about 2 P.M. that busy," predicted Pietrowski. When a rider quits the race, he

> standings, Kvalsvoll was struggling at a rate that registered less than 5 kph on the van's speedometer. For a few minutes, his team car rode alongside him to offer encouragement and a mechanic poured water on his head to help on the sunny and blazingly hot climb, but

away and quickly oodded yes, as if he were afraid of embarrassing the rider with an answer he might hear.



backstroke during Saturday's final day of the Soviet national swimming championships in Moscow. Polyansky lowered by 0.16 seconds the mark he had set precisely four months earlier.

hadson and Mr. Dukasis, after their lackson Is

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Chan Kyung Hu 2: 2:2 क कार्य रहेका स्थापालक अन्त 712

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other objects on the fire inof bearings to the 1-12. Court officials (1972.181) the mal until Aug 1, 1712 Mil. Chain and 12 other deservation were taken away and the place. Mr. Chan, 46, 18 access of embezzinę abeu: New Communetty, Marie Transport Idevelopment program and is brother's government

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Moscon Political actions for Page 3. Business/Finance Page 3 Panes reported improved serond-quarter carriers. Page 9

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Italian Space For American Postwar Art

VARESE, Italy — Over some 30 years, Count Giuseppe Panza di Biumo, a Milanese real estate dealer, has scrupulously built one of the most respected collections of postwar American art. A fraction of the 700-piece collection is in Panza's weekend house, an 18th-century villa in Varese, an hour from Milan, and 80 works bought between 1956 and 1963 are now in the Museum of Contemporary Art in Los Angeles. Shows from Panza's collection have been mounted in Dusbe seen until mid-December in 14 rooms of the Reina Sophia Muse-

Two shows are scheduled for France in 1990 and when the important conversion of old fac-

um in Madrid

MARY BLUME

tories into a museum in North Adams, Massachusetts, opens it will house Panza's entire collection of minimalist sculpture, including works by Carl Andre. Bruce Newman, Dan Flavin and

Despite its international renown. Panza's collection has never been shown in an Italian museum. The town of Varese has agreed to take on his villa and all its contents after his death but there are still unresolved hassles about who is to pay for its maintenance. Panza's offers to give parts of his collection to a museum in Turin and Milan have been turned down. The reason, he says, is that Italian public institutions are not interested in contemporary art, particularly if it is not

"No, it doesn't make me cross," says Panza, a shy, slight man who comes to life when looking at his art. "We have to be patient, I'm just awaiting the right time."

At 65, with five sons, he worries about loading his heirs with heavy taxes but at the same time Italian

than a quarter of his estate. The solution would be a gift or a longterm loan to an Italian institution, but as the newspaper La Repubblica puts it, the answer has been grazie, no.

Panza made his first visit to the United States in 1953, when Milan was still scarred by wartime bomhings and Europe's recovery was just under way. "I had the feeling that something beautiful and interesting was happening in American culture," be says, was a country free and open to the future."

The first paintings Panza had bought were done by the Frenchman Jean Fautrier between 1943 and 1947 and included his painful "Hostage" series of 1943-44, which represented life hroken by the Germans. The first American works he bought were Franz Kline, paintines that struck him for their energy and largesse of gesture. "The experience of these paintings is like lonking at the city of New York when we arrive from Europe," he says.

Panza's collection is particularly strong on Rothkos and Rauschenbergs and on Pop artists with the exception of Andy Warhol, whose best period he missed. He lost the chance to huy three Pollocks in 1956 and be regrets that he owns no Frank Stellas or Bar-

"It was possible to huy a beau-tiful Newman from him for \$6,000 hut in 1960 I was buying Rauschenberg for \$1,000 and I had \$1,000 and not six.

"I never was a very rich man just enough to make a good collection and not spend a large amount of money. The first Kline cost \$500. Now \$500 would be \$5,000 and with \$5,000 you can't huy art today. But still it is possihle to make a beautiful collection without too much money." He



Count Giuseppe Panza di Biumo seated amid some of his collection of postwar American art.

Perhaps Panza's greatest originality as a collector has been his creation at Varese of settings for works hy Bruce Nauman, Sol LeWitt, Robert Irwin and, above all. Dan Flavin and James Turrell. Flavin's fluorescent light hulbs are internationally exhibited, but usually on walls with other works. Panza has given six rooms to uninterrupted Flavin and the result is magic. Even more extraordinary are the rooms by Turrell a California artist who works entirely in light and who - although well-respected and the subject of a 1980 show at the Whitney — is in no permanent collection other than Panza's because of the space his rooms re-

Panza has six Turrell rooms, formerly carriage space in the Varese villa, which measure about 19 by 12 meters each (about 60 by 40 feet). Turrell has for several years been reshaping a crater in Arizona, a project that Panza has backed by buying hlueprints of future works and of which he has said, "The Roden Crater project is one of the few things that must be made, to prove that the light in the human mind is not gone."

Panza as a collector has the right doses of boldness and method. He says he and his wife try not to make mistakes, that they study says he went through a I2-year period during which he did not huy only the best works of the hard before buying. "We try to

collect because he was short of best artists," be says, but this is a Panza's art must be willing to give statement that could have been made hy any buyer from Lorenzo the Magnificent to the greenest collector of still damp Utrillos.

What he also has is attentive ness to detail and in his hland shy way, passion. The point of collecting, he says, is to enter into a permanent relationship with the artist. He doesn't sell what he has bought and he still believes in artists who have not reached the

'The moving factor is love," he says. "It is not a question of possession because I would rather see my collection in a museum than in a storage room here in my house in Varese." Nor has fame been the spur, "People who huy to make a reputation make a lot of mistakes because they follow the market and the market for contemporary art is crazy. Most of the artists who have the highest prices are artists who will disappear in twenty years."

Private collections remain necessary. Panza says, even in days when public museums are richly endowed. "Public administrations are unable to collect contemporary art because they must be democratic - they have to huy many artists and good art is made by few artists. Museums in general are not good collectors of contemporary art, even in America where there are no political pres-

Any museum that acquires

it the large space it requires which in all fairness, may explain part of Italy's refusal to accept his collection. Panza also thinks Italian institutions might have been more eager if his collection had not been almost entirely American. He has a few Italian artists who failed to become known; he

does not own such superstars as

Cucci, Chia and Clemente. "This is the kind of art that is very far from my sensibility, as is German Neo-Expressionism," be says. Nor does he care for the current American stars such as Saile, Rothenberg and Schnabel. "Schnabel is very talented but he uses his talent badly. He paints too much. There are a few good works but too many which are nn

As a partial solution to the problems of his collection's future and to paying Italian taxes, Panza has for the first time sold a group of works to the Museum of Contemporary Art in Los Angeles, of which he has been a trustee since its beginning. He estimates that the works are worth \$40 million, but sold them for \$11 million to be paid over six years. At the end of last month be received the last of the interest-free payments and he intends to use the funds to buy works by young California artists.

"So you see," he says, "the money will go back to Los Angeles in the end,"

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LANGUAGE The Thrill of Coining a Phrase

By William Safire WASHINGTON — The great-est thrill a man can experience, Winston Churchill was reported to have said, is to be shot at and missed. (If that quotation cannot be found in his works, I have taken a shot at the source and

For a writer, the big thrill is to coin a word or phrase that fills a linguistic void and becomes part of the history of the era. The widespread adoption of Churchill's phrase Iron Curtain must have been profoundly satisfying to him as a historian as well as a statesman; never mind that earlier uses of the phrase were found. In the same way, the ghost of Teddy Roosevelt must smile when a modern pol uses his hunaric fringe.

In this century, newspaper columnists have made great contributions to phrasemaking. In the Coinage Hall of Fame, we find Arthur Krock's government by crony (which The New York Times pundit gave to Interior Secretary Harold Ickes); Herbert Swope's cold war (which be gave to Bernard Baruch, and Walter Lippmann then tried to steal it from him); Stewart Alsop's egghead and, in collabora-tion with Charles Bartlett, hawks and doves; Joseph Kraft's Middle American, and Joseph Alsop's Southern strategy.

Speechwriters have a ghostly place in this pantheon. The other day, a picture appeared in The New York Times of Theodore Sorensen, working on the Democratic platform under the light of a tilted lampshade in a lonely hotel room. Though he steadfastly rejects the credit, his was the hand that penned New Frontier and Ich bin ein Berliner; was be trying to cook up a ringing phrase for this year's at diene plad orn that the candi-date can make his own? Of course he was.

At meetings of the Judson Welliver Society, the club of presiden-tial ghosts, I see in my mind's eye — great phrases hung around the necks of the members.

See, in the corner, there is Richard Goodwin, identified with Lyndon Johnson's Great Society. Nobody can find the Reaganaut with Tony Dolan, the unadmitted author of Ronald Reagan's most ganism was the most resounding it. After everybody reviewing the

use of alliteration since Warren speech had crossed it out, I slipped Harding's not nostrums but normal- it back into the reading copy.

Other modern alliterators are here at the Nixon table. The sign across my chest is nattering nabobs of negativism, a hlast at pessimists coined for Spiro Agnew to parallel Adlai Stevenson's prophets of gloom and doom. Pat Buchanan sits nearby, lumbered with pusillanimous pussyfooters hut wearing more proudly the nonalliterative New Federalism and instant analysis (which is not alliterative, but is catchily consonant, with its repetition of n and s sounds).

I am slightly embarrassed by another of my badges. When a Nixon campaign aide came to me in late 1971 to pick a name for the reelection effort, I suggested Committee to Re-Elect the President. That was pretty shrewd, I thought, using the title of the office rather than the candidate's name, and downplaying the running mate. Then along came Watergate and Boh Dole's reference to the com-

strictly derivative. (Koreagate and expense-account flap, had a nice ring. Don't hlame me for today's Pentagate.) However, a neologism I threw in the pot hack in 1969 — which then did not catch on seems finally to be making it.

We were looking for a name for welfare reform. Counselors Pat Moynihan and Arthur Burns had locked horns on a program, and George Shultz, then secretary of labor, had come up with a synthesis: the result embodied Moynihan's family-sustaining dream and Burns' stern work requirement.

"Family Security" was the sug-gested name; I shot that term down too much like Social Security. The "Family Assistance Plan" was put forward, and despite my protestation that the acronym sounded like an expletive used by Major Hoople, FAP was adopted. As the sore loser I threw a line in

the covering speech, and repeated it in the president's message to Conthe sign for truly needy, but there is gress a few days later: "What America needs now is not more welfare, but more 'worklare.' Everybody winced - too cornmemorable phrase, evil empire: that speechwriter's now-rejected Reaball! — but President Nixon liked

Workfare, the word, came and

went as welfare reform, the program (called later by rueful liberas) Nixon's Good Deed"), was rejected by a Democratic Congress. But in the intervening years, with no oush from me or anybody taking up its sponsorship, the rejected word puffed determinedly uphill like the Little Engine That Could. In 1977; "Governor Michael S.

wasports, Pare 1.5

Dukakis of Massachusetts predicted success," wrote The Associated Press, "for a 'workfare' program he unveiled . . . aimed at putting welfare fathers on the public pay-roll." In 1980, under a headline reading "Making Workfare Work," The New York Times hailed a Connecticut plan for its engine word was scorned by the big dictionaries, but it kept puffing up the linguistic hill. Today, with the passage of Sena-

tor Moynihan's long-overdue bill giving a work theme to the new welfare, workfare, the word, is rolling merrily along. The unexpectedly sturdy new nonn has even been used in a compound adjective in Britain: "Lord Young, the employment secretary," wrote The Financial Times, "last night issued a statement saving he had no plans to introduce a workfare-type program in the United Kingdom.

This ugly duckling of a neologism, derided at launch, neglected hy word mavens - has passed the 2,000-citations mark, and it is a just about every new dictionary?

When it was included in the final volume of the Supplement to the Oxford English Dictionary, I learned that the coiner was someone che The July 1968 issue of Harper's Magazine had a piece about Charles Evers, a Mississippi congressional candidate, that in-cluded this line: "One of Evers' programs is what he calls workfare: he has said that everybody ought to work for what he gets." That's all right; I may not have

been the first to use the word, but I had a hand in its nationwide launch and feel a stepfather's pride. There goes workfare chugging down the hill, puffing "I-filled-a-void, I-filled-a-void," and as much a par-of today's language as the ancience. word it was bottomed on.

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